



CUSTOMER ORIENTATION OF SERVICE EMPLOYEES: AN EMPIRICAL STUDY OF SELECTED TELECOM COMPANIES

THESIS

SUBMITTED FOR THE AWARD OF THE DEGREE OF

Ph. D. (BUSINESS ADMINISTRATION)

BY

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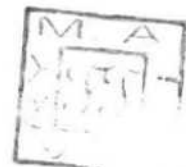
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DECLARATION

I do hereby declare that the thesis titled '**Customer Orientation of Service Employees: An Empirical Study of Selected Telecom Companies**' submitted to the Faculty of Management Studies and Research, Aligarh Muslim University, Aligarh for the Degree of PhD in Business Administration is a record of original work done by me under the supervision and guidance of Dr. Mohammed Naved Khan, Associate Professor, Department of Business Administration, Faculty of Management Studies and Research, Aligarh Muslim University (Internal Supervisor); and Prof. Naveen Gupta, Director, Hindustan Institute of Management & Computer Studies, Agra Mathura Highway, Farah, District Mathura - 281122 (External Supervisor) and it has not, previously formed the basis for the award of any degree, diploma, associateship, fellowship or other similar title to any candidate of any University.



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THESIS

CERTIFICATE

This is to certify that the thesis titled '**Customer Orientation of Service Employees: An Empirical Study of Selected Telecom Companies**' submitted to the Aligarh Muslim University in partial fulfilment of the requirements for the award of the degree of PhD in Business Administration, is a record of original research work done by **Mr. Chaten Kumar Jain** during the period of his study in the Department of Business Administration, Faculty of Management Studies & Research, Aligarh Muslim University, under my supervision and guidance. This thesis has not formed the basis for the award of any degree/ diploma/ associateship/ fellowship or similar title to any candidate of any University.



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***I DEDICATE THIS WORK
TO MY PARENTS AND FAMILY
THEIR INSPIRATION, LOVE AND CONTINUOUS SUPPORT
HAS MADE THIS WORK POSSIBLE***

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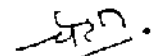
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Chaten Kumar Jain

PREFACE

The emergence of India as one of the fastest growing economies in the world during the 1990s is attributable to the rapid growth of its services sector to a great extent. The importance of the services sector can be gauged by looking at its contributions to different aspects of the economy. The share of services in India's GDP at factor cost (at current prices) increased rapidly, from 30.5 per cent in 1950-51 to 55.2 per cent in 2009-10 (Economic Survey of India, 2011).

The telecom industry in India is one of the fastest growing industries. India currently has nearly 915 million telephone lines surpassing USA and making it the second largest network in the world after China (Telecom Regulatory Authority of India, 2011). While 225 million telephones were added during the twelve months of 2010-11, during the current year, about 18 million subscribers are being added every month. As the fastest growing telecommunications industry in the world, it is projected that India will have 1.159 billion mobile subscribers by 2013.

In the context of service quality research, it has been demonstrated that the behaviour of service employees affects the customers' perception of the service (Bitner *et al.*, 1990). Front end or contact employees represent the organization and directly influence the customer satisfaction; they perform the role of marketers. They physically embody the product and are walking billboards from a promotional standpoint, for example in telecommunication firms where customer service personnel are asked to assist with marketing and sales activities either through there direct accesses to the records of customer previous purchase and service records (Ravishankar, 2006)

All of the five dimensions of service quality (reliability, responsive assurance empathy and tangibles) as suggested by Parasuraman *et al.* (1988) can be influenced by service employees. Delivering the serviced as promised—reliability—is often totally within the control of front line employees when the service fail or errors are made employees are essential for setting thing right and using their judgment to determine the best course of action for service recovery. The assurance dimension of service quality is highly dependent on employee's ability to communicate their credibility to and to inspire trust and confidence. The reputation of organization will

help but in the end individual employee with whom the customer interacts confirm and build trust in the organization or detract from its reputation and ultimately destroy trust. Empathy implies that employee will pay attention, listen adapt and be flexible in delivering what individual customer needs.

Therefore, the development of a sophisticated understanding of the customer orientation of service employees might help service firms to increase the quality of their service, thereby contributing to an increased degree of customer satisfaction and customer loyalty/retention (Heskett *et al.*, 1994). The academic literature on customer satisfaction in telecommunications is relatively scattered and primarily concerned with mobile telecommunications customers (Woo *et al.*, 1999; Lee *et al.* 2001; Ueno, 2010; Mokhtar *et al.*, 2011).

The market is constantly changing, the situation is marked by new competitors, unforeseen communication channels, globalization, but also by rapidly changing technology. The main problem of today's economy is its overcapacity – not products, but customers are in short supply while the available products and services are becoming more and more similar. Service marketers frequently complain about the difficulty of differentiating their services from those of competitors. This process already started in the 1970s, when the transition from the seller's to the buyer's market took place – attention was no longer focused on the product but on customer preferences (Kotler, 2000). This markedly increased the significance of customer orientation. Since then, marketing has changed from classical make-and-sell marketing to sense-and-response marketing, enterprises examine customer preferences first and react to them with the corresponding products and services (Kotler, 2000) point out two tendencies:

1. Standardization on the supply side and
2. Individualization on the demand side.

Customer orientation can be defined as the comprehensive, continuous establishing and analysis of customer expectations as well as their internal and external realization into both entrepreneurial performance and interactions intended to establish stable and economically profitable customer relations in the long-term (Vogt, 2004). Other authors are also critical towards a uni-dimensional viewpoint between customer

satisfaction and customer retention. Vogt (2004) quotes three decisive factors – must factors, plus factors, should factors:

- *Must factors* cause dissatisfaction when they do not fulfil customer expectations, they do not, however, lead to satisfaction when carried out successfully. Institutions which offer only basic services only generate weak customer retention and have a high fluctuation rate.
- *Plus factors* do not cause dissatisfaction if they do not exist as the customer does not expect them. If they exist, the customer is surprised or even enthused: Satisfaction starts here.
- *Should factors* are located between the plus and the must factors and create satisfaction, indifference or dissatisfaction, depending on how strongly they are manifest.

Keeping the scorching pace of growth of Indian telecom industry in mind, there is a need to study the factors that lead to customer satisfaction and customer retention. In the context of telecom service industry it is not enough if the product meets the functional requirements of the customer, it should also meet certain other customer expectations like the behavior /attitude of the person who provides service. Thus, customer satisfaction is the combination of both technical features & human behavioural aspects (Ravishankar, 2006). The present study attempts to explore as to whether the employees of telecom companies, who serve as a touch point vis-à-vis the customers, are geared to meet the challenge. Further, it is expected that the findings of the study will have an applied bias as they can serve as inputs in dovetailing of marketing strategies by the telecom companies and also in development of appropriate market segmentation strategies.

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CHAPTER 1: INTRODUCTION

This chapter presents an introduction of services, how services are different from products, what factors differentiate its marketing from traditional product marketing. A brief discussion of service sector and with special attention to the telecommunication services, market share of different service providers etc. has been given. Customer orientation of front end employees of service firms and its effect on customer satisfaction, perceived service quality, customer commitment and retention has also been discussed. In the last relevance of the present study has also been given.

1.1 Defining Services

On a simplistic note, it can be said that services are activities or benefits that one party can offer to another that are essentially intangible and do not result in ownership of anything. So services are deeds, processes and performances (Zeithaml *et al.*, 2001; Ravishankar, 2006).

In the year 1990, Groonross proposed a working definition of 'service' according to which, *"a service is an activity or series of activities of more or less intangible nature that normally, nor necessarily, take place in interactions between the customer and service employees and/or physical resources or goods and/or system of the service provider, which are provided as solution to customer problems."* This means:

- Services are by and large "activities" or they are series of activities rather than things.
- Services are intangible.

- Services take place in the interaction between the customer and the service provider, which means that services are produced and consumed simultaneously.

So the interaction between the customer and the service provider's employee is very important in production and consumption of services and assessing the quality of the service, by the customer.

1.2 Differentiating Services

Service marketers frequently complain about the difficulty of differentiating their services from those of competitors. The deregulation of several major service industries-communications, transportation, energy and banking, precipitated intense price competition. The early success of People's Express Airline⁺ showed that many commuters cared more about travel costs than service. The great success of Charles Schwab⁹¹ in the discount brokerage service showed that customers had little loyalty to the more established brokerage houses when they could save money. To the extent that customers view a service as fairly homogeneous, they care less about the provider than the price (Drucker, 1954, 1974; Levitt, 1960; McCarthy, 1960; Schnaars, 1981; Peter, 1982; Poster, 1985; Lanning, 1988; Venkatesan, 1997; Zeithaml *et al.*, 2000; Kotler, 2000; Ravishankar, 2006).

The solution to price competition is to develop a differentiated offer, delivery and image (Doswell, 1979; Booms, 1981; Gronross, 1983; Cowell, 1984; Shostrak, 1987; Berry, 1991; Zeithaml *et al.*, 2000). The offer can include innovative features to distinguish it from competitor's offers. What the customer expects is called the primary service package and to this can be added secondary service features. In the context of airline industry, for example, various carriers have introduced such

⁺ People Express Airlines was a no-frills airline in US that operated from 1981 to 1987, when it merged into Continental Airlines. The airline used a simplified fare structure. All seats were economy class on a given route and were offered at the same price, with slight differences between "peak" and "off-peak" fares. The aggressive purchasing spree placed an enormous debt burden on the carrier and it ceased to exist as a carrier on February 1, 1987.

⁹¹ The Charles Schwab Corporation is an American brokerage and banking company, based in San Francisco, California. It was founded in 1971 by Charles R. "Chuck" Schwab, as a traditional, brick and mortar brokerage firm and investment newsletter publisher. The company offers the same services as a traditional brokerage, but with lower commissions and fees and is presently one of the world's largest discount brokers with \$1.65 trillion in assets (as of September 2011).

innovations as movies on board, advanced seating, merchandise for sale, air-to-ground telephone service and frequent-flyer award programs, to augment the offer.

The major problem is that most service innovations are easily copied (Booms *et al.*, 1981; Gronross, 1983; Cowell, 1984; Shostrack, 1987; Doswell, 1979; Berry, 1991; Zeithaml *et al.*, 2000). Few of them are pre-emptive in the long run. Still, the service company that regularly researches and introduces service innovations will gain a succession of temporary advantages over its competitors and through earning an innovative reputation, may retain customers who want to go with the best. Thus, Citicorp* enjoys the reputation as being a lead innovator in the banking industry in aggressively creating of furthering such innovations as automatic teller machines, nationwide banking, broad spectrum financial accounts and credit cards and floating prime rates.

A service company can differentiate its service delivery in three ways which are also termed as additional 3Ps of service marketing:

- through *people*,
- through *physical environment*, and
- through *process*

A service company can distinguish itself by having more able and reliable customer-contact people than its competitors; can develop a superior physical environment in which the service product is delivered; as also design a superior delivery process (Mcgrath, 1986; Judd, 1987; Zeithaml *et al.*, 2000).

* Citicorp's history begins with the City Bank of New York, which was chartered by New York State on June 16, 1812. In 1976, First National City Bank (and its holding company First National City Corporation) was renamed as Citibank, N.A. (and Citicorp, respectively). Citigroup Inc. is headquartered in Manhattan, New York City, USA. Citigroup was formed from one of the world's largest mergers in history by combining the banking giant Citicorp and financial conglomerate Travelers Group on April 7, 1998. Citigroup has the world's largest financial services network, spanning 140 countries with approximately 16,000 offices worldwide. The bank enjoys a reputation of being leading innovator in financial services; the first major U.S. bank to offer compound interest on savings (1921); unsecured personal loans (1928); customer checking accounts (1936) and the negotiable certificate of deposit (1961).

1.3 The Marketing Mix in Services: The Concept of 7 Ps

There are four very popular Ps in the marketing literature viz. product, price, place and promotion. Adding to these, the additional 3 Ps given above constitute 7 Ps for service marketing as detailed below (Booms, 1981; Majaro, 1982; Parasuraman, 1985; Mogarth, 1986; Baker, 1987; McCarthy, 1993; Zeithaml *et al.*, 2000; Ravishankar, 2006).

1.3.1 Product or Service Package: A product or service is a bundle of features and benefits that can have relevance for a specific target market. Gronroos (1987) construed that the services product offers consist of three levels; the first level is that of the basic service package, which includes core service, facilitating services and supporting services. The second level is that of an augmented service offering where accessibility, interaction and customer participation is given equal importance in the service product. The third level is that of the market communication of the service offering as in its absence the augmentation service package does not have any relevance to the customer (Ravishankar, 2006).

1.3.2 Pricing: A particular service is acceptable to the customer at a particular price and if the price is increased, it is likely that the service is less acceptable to the customer. Generally to most customers, high price means high quality (Poster, 1985; Lanning, 1988; Venkatesan, 1997; Zeithaml *et al.*, 2000; Ravishankar, 2006).

1.3.3 Place or distribution: In case of services there is no or little physical distribution. Most services are distributed through direct sales. Agents may be trained in the creation and production of service and then franchised (David *et al.*, 1979; Ravishankar, 2006). The location considerations, along with personal sources of information are two of the critical factors in the final decision of many services.

1.3.4 Promotion: In case of services, a customer is buying the performance of the service personnel and the advertising in the service industries should not only restrict itself to encouraging consumption, but also it should encourage employees to perform well (George *et al.*, 1981; Ravishankar, 2006).

1.3.5 People or Internal Marketing: Judd (1987) came out with yet another 'P' *people* for the services. According to him, employees represent the organization to the customers. Internal marketing should be broader than traditional marketing. Employees are the first internal market for the organization. Investing in the people quality in a service business means, investing in the product quality (Ravishankar, 2006).

1.3.6 Physical Evidence: Mcgrath (1986) while acknowledging the role of people or personnel can play in the marketing effort of an organization added two more Ps: *physical evidence* and *process*. According to him the physical facilities are important in facilitating the delivery of services.

1.3.7 Process Management: Process management assures services availability and consistent quality (Ravishankar, 2006).

1.4 Relationship Marketing

There has been a shift from transactions to a relationship focus in marketing (Knisely, 1979; Webster, 1992; Teal, 1991; McDermott, 1993; Berry, 1995; Groonroos, 1987; Zeithaml, *et al.*, 2000). For customers to become partners, firm must make long-term commitments to maintaining those relationships with quality, service and innovation.

Relationship marketing essentially represents a paradigm shift within marketing-away from an acquisitions/transaction focus toward a retention/relationship focus. Relationship marketing (or relationship management) is a philosophy of doing business, a strategic orientation that focuses on keeping and improving current customers, rather than on acquiring new customers (Zeithaml *et al.*, 2000). This philosophy assumes that consumers prefer to have an ongoing relationship with one organization than to switch continually among providers in their search for value. Building on this assumption marketers have been working on effective strategies for retaining customers.

Historically, marketers have been more concerned with acquisition of customers, so a shift to a relationship strategy often represents changes in mind set, organizational culture, and employee reward systems. For example, the sales incentive systems in many organizations are set up to reward bringing in new customers. There are often fewer (or zero) rewards for retaining current accounts. Thus, even when people see the logic of customer retention, the existing organizational systems may not support its implementation.

1.5 Goals of Relationship Marketing

The primary goal of relationship marketing is to build and maintain a base of committed customers who are profitable for the organization. To achieve this goal, the firm will focus on the attraction, retention, and enhancement of customer relationships. In fact, the firm seeks to attract customers who are likely to become long-term relationship customers. Through market segmentation, the company can come to understand the best target markets for building lasting customer relationships. As the number of these relationships grows, the loyal customers

themselves will frequently help to attract (through word of mouth) new customers with similar relationship potential (Gronroos, 1987; Parasuraman *et al.*, 1985, 1988, 1991; Surprenant *et al.*, 1987; Czepiel *et al.*, 1987; Reingen, 1987; Westbrook, 1987; Czepiel, 1990; Herr *et al.*, 1991; Murray, 1991; Gremler, 1994; Price *et al.*, 1995; Gremler *et al.* 1996,2000,2001; Ettenson *et al.*, 1997; Heskett *et al.*, 1997; Anderson, 1998; Gilly *et al.*, 1998; Money *et al.*, 1998; Colgate *et al.*, 1999; Van der Sande, 2000; Gremler *et al.*, 2000; Zeithaml *et al.*,2000; Seth *et al.* , 2005).

Once they are attracted to begin a relationship with the company, customers are more likely to stay in the relationship when they are consistently provided with quality products and services and good value over time. They are less likely to be pulled away by competitor if they feel the company understands their changing needs and seems willing to invest in the relationship by constantly improving and evolving its product and service mix.

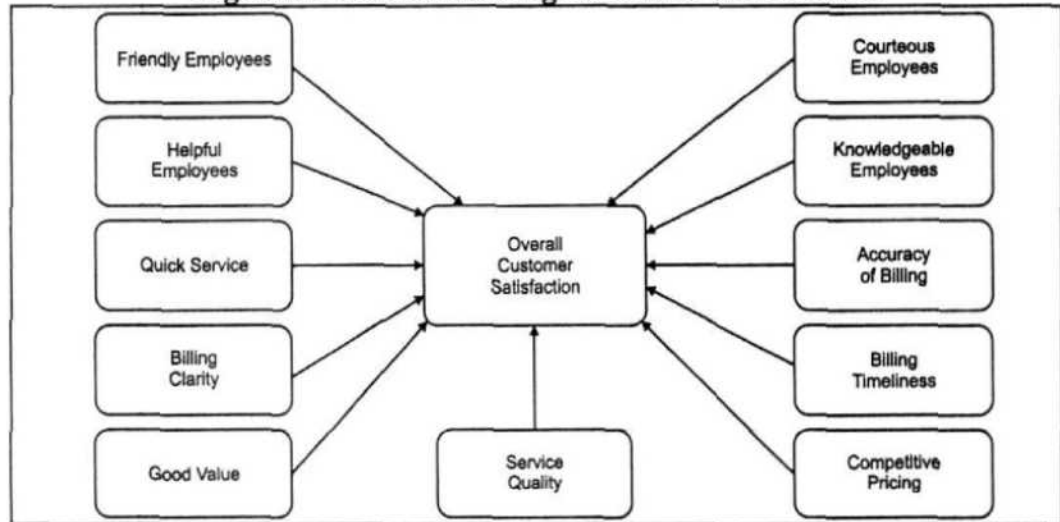
Loyal customers can be even better customers if they buy more products and services from the company over time (Parasuraman *et al.* 1985, 1988, 1991; Surprenant *et al.*, 1987; Czepiel *et al.*, 1987; Reingen, 1987; Westbrook, 1987; Czepiel, 1990; Herr *et al.*, 1991; Murray, 1991; Zeithaml *et al.*, 2000). Loyal customers not only provide a solid base for the organization, they may represent growth potential.

1.6 Customer Satisfaction

Many researchers have looked into the importance of customer satisfaction (La Barbera *et al.*, 1983; Crosby *et al.*, 1987; Finkelman *et al.*, 1992; Thurau *et al.*, 1997; Lassar *et al.*, 2000; Athanassopoulos, 2003; Thurau, 2004; Singh, 2006; Hanzae *et al.*, 2011). Kotler (2000) defined satisfaction as: “a person’s feelings of pleasure or disappointment resulting from comparing a product’s perceived performance (or outcome) in relation to his or her expectations”. Hoyer *et al.* (2001) said that satisfaction can be associated with feelings of acceptance, happiness, relief, excitement, and delight. There are many factors that affect customer satisfaction. According to Hokanson (1995), these factors include friendly employees, courteous employees, knowledgeable employees, helpful employees, accuracy of billing,

billing timeliness, competitive pricing, service quality, good value, billing clarity and quick service. This is shown in Figure-1.1 below:

Fig. 1.1: Factors Affecting Customer Satisfaction



Source: Adapted from Singh (2006)

In order to achieve customer satisfaction, organizations must be able to satisfy their customer's needs and wants (La Barbera *et al.*, 1983). Customer's needs state the felt deprivation of a customer (Kotler, 2000). Whereas customer's wants, according to Kotler (2000) refer to "*the form taken by human needs as they are shaped by culture and individual personality*".

1.7 Satisfaction Versus Service Quality

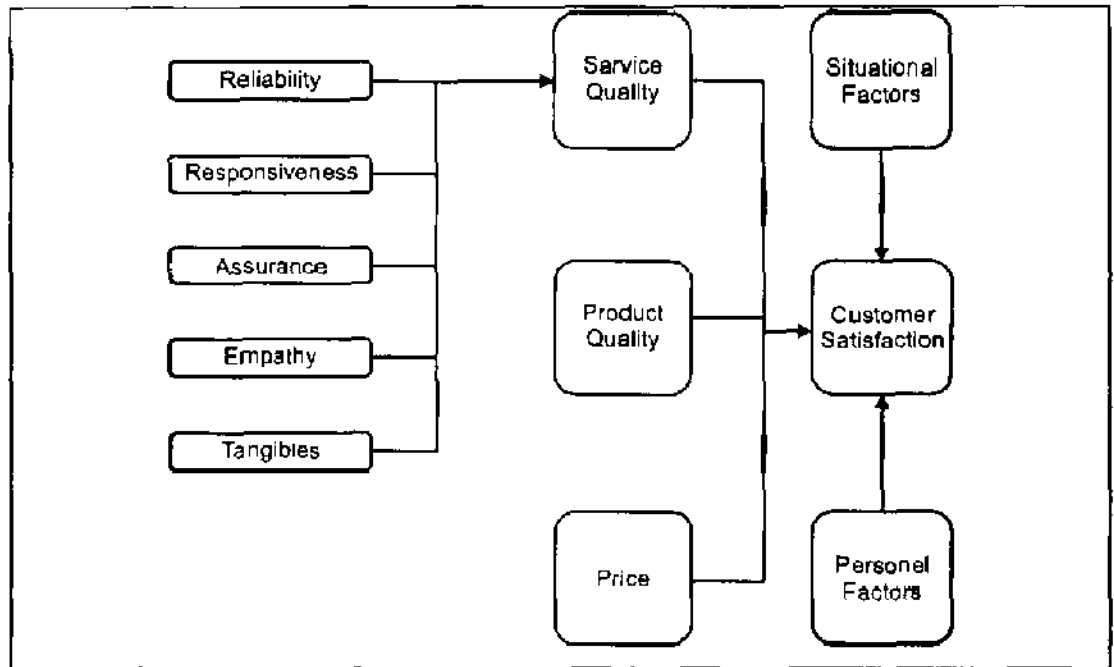
The terms satisfaction and quality are used interchangeably, but attempts have been made to be more precise about the meanings and measurement of the two concepts, resulting in considerable debate. Consensus is growing that the two concepts are fundamentally different in terms of their underlying cause and outcomes (Gronroos, 1984; Carman, 1990; Gremler *et al.*, 1996; Chang, 1998; Lassar *et al.*, 2000; Zeithaml *et al.*, 2000; Dabholkar *et al.*, 2000; Chia *et al.*, 2002; Malhotra *et al.*, 2004). While they have certain things in common, satisfaction is generally viewed as a broader concept while service quality assessment focuses specifically on dimensions of service. Based on this view, perceived service quality is a component of customer satisfaction. Fig. 1.2 graphically illustrates the distinctions between the two concepts. As shown in Fig. 1.2 service quality is a focused evaluation that

reflects the customer's perception of specific dimensions of service: reliability, responsiveness, assurance, empathy, tangibles (Parasuraman *et al.*, 1988). Satisfaction, on the other hand, is more inclusive. It is influenced by perceptions of service quality, product quality, and price as well as situational factors and personal factors. For example, service quality of a health club is judged on attributes such as whether equipment is available and in working order when needed, how responsive the staff are to customer needs, how skilled the trainers are, and whether the facility is well-maintained. Consumers consider five dimensions in their assessments of service quality (Parasuraman, *et al.*, 1988; Zeithaml *et al.*, 2000):

- **Reliability:** Ability to perform the promised service dependably and accurately.
- **Responsiveness:** Willingness to help customers and provide prompt service.
- **Assurance:** Employees' knowledge and courtesy and their ability to inspire trust and confidence.
- **Empathy:** Caring, individualized attention given to customers.
- **Tangibles:** Appearance of physical facilities, equipment, personnel, and written materials.

These dimensions represent how consumers organize information about service quality in their minds. On the basis of exploratory and quantitative research, these five dimensions were found relevant for banking, insurance, appliance repair and maintenance, securities brokerage, telephone service, automobile repair service, and others (Carman, 1990; Gremler *et al.*, 1996; Chang, 1998; Lassar *et al.*, 2000; Zeithaml *et al.*, 2000; Dabholkar *et al.*, 2000; Chia *et al.*, 2002; Malhotra *et al.*, 2004). The dimensions are also applicable to retail and business services, and logic suggests they would be relevant for internal services as well. Sometimes customers will use all of the dimensions to determine service quality perceptions, at other times not (Zeithaml *et al.*, 2000).

Fig. 1.2: Customer Perceptions of Quality



Source: Adapted from Zeithaml et al., (2000)

1.8 Perceptions of Internal and External Customers

When we refer to customer perceptions, we assume that the dimensions of service and the ways in which customers evaluate service are similar whether the customer is internal or external to the organization. By external customers we mean those individuals and businesses that buy services from the organization. These are the people we usually think of when we use the word “customer”. To illustrate, in a telecommunications setting, external customers include residential telephone users, business customers, and government at all levels. In this same setting, internal customers are employees within the firm who, in their jobs, depend on others in the organization for internally provided goods and services. For examples, a telephone repair person depends on services provided by dispatchers and the vehicle maintenance crews to do her job effectively. For the dispatchers and the vehicle maintenance crew, the repair person is their internal customer. If they fail to provide quality service to the repair person, then it is more difficult for the repair person to do the same for external customers (Zeithaml et al., 2000).

1.9 Customer or Market Orientation

Customer or market orientation has been taken as a major concept of marketing (Narver *et al.*, 1990), and as an integral part of market economies (Matsuno *et al.*, 2005). Many labels have been used to denote the market orientation construct (Shapiro, 1988; Kohli *et al.*, 1990; Harris *et al.*, 2001). Examples in this vein include “customer-oriented” (Kelly, 1992); “integrated marketing” (Felton, 1959); “market-oriented culture” (Harris, 1998a, b); “marketing oriented” (Gummesson, 1991), and “market-led” (Piercey, 1997). However, there is consensus (in the literature) that there are few differences among these labels (Shapiro, 1988), although “market orientation” has been taken as the most appropriate construct (Kohli *et al.*, 1990; Narver *et al.*, 1990). According to Greenley (1995), most of the definitions of market orientation since 1990 have been based on the seminal works of Kohli *et al.* (1990) and Narver *et al.* (1990). However, some limitations associated with the Kohli *et al.* (1990) view of market orientation have been pointed out (Diamantopoulos *et al.*, 1993; Harris, 1996). Gray *et al.* (1998) posit that although there is no agreement (in extant literature), according to him, further testing of the Kohli *et al.* (1990) and Narver *et al.* (1990) instruments in wider business environments and cultures will help in developing more robust and generalizable measures of the market orientation construct.

Traditional perspective of market orientation sees the construct as a business philosophy. However, contemporary approaches to the market orientation construct see it as a dimension of a firm’s culture; a guiding representation to a firm’s tendencies; a differentiating capability; and an array of business behaviors (Varela *et al.*, 2003). Market orientation has, also, been seen as both a behavioral and cultural business philosophy (Gounaris *et al.*, 2001).

Although, some companies are more market-oriented than others, the reason for this marketing management tendency is not clear in extant literature. The two major groups of factors that can determine the market orientation practices of an organization are environmental and organizational (Varela *et al.*, 2003). Payne (1988) posits that management development is a salient factor in the development of market orientation in any organization. This means that market orientation will exist in an organization when management knowledge, skills and attitudes are well

developed. Addition of a "P" of people to the marketing-mix elements may also assist in the implementation of market orientation in any organization (Judd, 1987). According to Kelley (1992), the efficient and effective implementation (or practice) of market orientation in an organization is, substantially, related to the personal and cultural acceptance of organizational strategy. Therefore, extant thought reveals that management behavior is a salient influence on the market orientation tendencies in organizations (Harris *et al.*, 2001).

Market orientation may also be seen as a model of marketing management behavior which emphasizes customer satisfaction, coordination of functional marketing activities, sensitivity to competition and intelligence, and mutually-satisfactory measures of performance (Varela *et al.*, 2003). It is supposed to guide actions of marketing managers, and its relevance lies in its capability to satisfy customers and clients, in addition to achieving marketing efficiency and effectiveness. The market orientation construct has been seen as the key issue in management philosophy anchored on the marketing concept, and research studies pertaining to market orientation have spread beyond the domain of marketing publications and scholarship (Appiah *et al.*, 1998; Deshpande *et al.*, 2004). It has been seen as one aspect of marketing resources which forms an organization's distinctive resource, and constitutes a basic organizational resource that is found in all the organic business functions of marketing, finance, human resource management, operations management, and research and development (Hooley *et al.*, 2005).

Research in developed economies has found that market orientation is valuable in many cultures and contexts such as professional services, the public sector, the non-profit sector, education, the health care sector, services industries, and industrial markets (Appiah *et al.*, 1998; Bhuian, 1998; Chang *et al.*, 1998; Baker *et al.*, 1999; Caruana *et al.*, 1999; Boles *et al.*, 2001; Harris *et al.*, 2001; Brown *et al.*, 2002; Blankson *et al.*, 2006; Hanzae *et al.*, 2011). Market orientation has been viewed as one of the strategic behaviors leading to competitive advantage (Olson *et al.*, 2005). Caruana (1999) However, evidence exists of low levels of association between market orientation and marketing performance measures. Also, evidence exists of low adoption of market orientation in some countries (Harris, 1998a, b). Although the market orientation construct has attracted substantial interest in

academic research and practice, there is confusion regarding its definition, measurement and development (Matsuno *et al.*, 2005). Organizational managers have been found to differ culturally from managers in developed economies. Therefore, cultural variations among nations have been implicated as some of the factors influencing market orientation practices (Martin *et al.*, 1998; Bhuiyan, 1998; Drummond *et al.* 2000).

1.10 Service Success through Customer-oriented Employees

As a result of the intangible and interactive nature of services, customers often rely on the behavior of service employees when judging the quality of a service. Consequently, the employees' level of customer orientation is considered an important leverage for service firms' economic success (Bowen *et al.*, 1985; Bitner *et al.*, 1990; Sergeant *et al.*, 2000; Bove *et al.*, 2000; Imrie *et al.*, 2002; Thureau, 2004; Raajpoot, 2004; Bove *et al.*, 2006; Hanzae *et al.*, 2011). Despite its important position in the value chain, only few studies have addressed the construct of customer orientation of service employees (COSE) and its impact on service firms' success (Kelley, 1992; Brown *et al.*, 2002; Thureau *et al.*, 2003; Donovan *et al.* 2004; Thureau, 2004). Studies by Kelley (1992) and Donovan *et al.* (2004) focus on the relationship between COSE and employee characteristics such as personality traits, job satisfaction, and organizational commitment, while Thureau *et al.*(2003) and Thureau (2004) have suggested a three/four-dimensional conceptualization of customer orientation of service employees, distinguishing between the employee's motivation to serve customers, his or her customer-oriented skills, and his or her self-perceived decision-making authority. To the best of our knowledge, no study has yet tested the impact of COSE on the way customers assess transactions with service employees or their relationship with the service provider as a whole.

1.11 Service Industry in India

The emergence of India as one of the fastest growing economies in the world during the 1990s is attributable to the rapid growth of its services sector to a great extent. The importance of the services sector can be gauged by looking at its contributions to different aspects of the economy. The share of services in India's GDP at factor cost (at current prices) increased rapidly, from 30.5 per cent in 1950-51 to 55.2 per

cent in 2009-10 (Economic Survey of India, 2011). If construction is also included, then the share increases to 63.4 per cent in 2009-10. The ratcheting up of the overall growth rate (compound annual growth rate (CAGR) of the Indian economy from 5.7 per cent in the 1990s to 8.6 per cent during the period 2004-05 to 2009-10 was to a large measure due to the acceleration of the growth rate (CAGR) in the services sector from 7.5 per cent in the 1990s to 10.3 per cent in 2004-05 to 2009-10. The services sector growth was significantly faster than the 6.6 per cent for the combined agriculture and industry sectors annual output growth during the same period. In 2009-10, services growth was 10.1 per cent and in 2010-11 it was 9.6 per cent. India's services GDP growth has been continuously above overall GDP growth, pulling up the latter since 1997-98. Thus, during the past decade service sector has increasingly assumed an important role in the domestic economy too. However, keeping in mind the objectives of the present study, the scope is limited to telecom sector in India which is currently witnessing intense competition.

1.12 Telecom Industry: Indian Scenario

The telecom industry in India is one of the fastest growing industries. India currently has nearly 915 million telephone lines surpassing USA and making it the second largest network in the world after China (Telecom Regulatory Authority of India, 2011).

1.12.1 Brief History: History of Indian Telecommunications started in the year 1851 when the first operational land lines were laid by the government near Calcutta (seat of British power). Telephone services were introduced in India in the year 1881. In the year 1883 telephone services were merged with the postal system. Indian Radio Telegraph Company (IRT) was formed in the year 1923. After independence in the year 1947, all the foreign telecommunication companies were nationalized to form the Posts, Telephone and Telegraph (PTT)/Department, a monopoly run by the government's Ministry of Communications. It should be noted that telecom sector was considered as a strategic service and the government considered it best to bring it under state's control.

The first winds of reforms in telecommunications sector began to flow in the year 1980s when the private sector was allowed in telecommunications equipment manufacturing. In the year 1985, Department of Telecommunications (DOT) was established. It was an exclusive provider of domestic and long-distance service that would be its own regulator (separate from the postal system). In the year 1986, two wholly government-owned companies were created: the Videsh Sanchar Nigam Limited (VSNL) for international telecommunications and Mahanagar Telephone Nigam Limited (MTNL) for service in metropolitan areas.

In the year 1990s, telecommunications sector benefited from the general opening up of the economy. Also, examples of telecom revolution in many other countries, which resulted in better quality of service and lower tariffs, led Indian policy makers to initiate a change process finally resulting in opening up of telecom services sector for the private sector. National Telecom Policy (NTP) 1994 was the first attempt to give a comprehensive roadmap for the Indian telecommunications sector. In 1997, Telecom Regulatory Authority of India (TRAI) was created. TRAI was formed to act as a regulator to facilitate the growth of the telecom sector. New National Telecom Policy was adopted in 1999 and cellular services were also launched in the same year. Telecommunication sector in India can be divided into two segments: Fixed Service Provider (FSPs), and Cellular Services. Fixed line services consist of basic services, national or domestic long distance and international long distance services. The state operators (BSNL and MTNL), account for almost 83 per cent of revenues from basic services. Private sector services are presently available in selective urban areas, and collectively account for less than 15 per cent of subscriptions. However, private services focus on the business/corporate sector, and offer reliable, high-end services, such as leased lines, ISDN, closed user group and videoconferencing.

Cellular services can be further divided into two categories: Global System for Mobile Communications (GSM) and Code Division Multiple Access (CDMA). The GSM sector is dominated by Aircel, Airtel, Reliance, Tata, Vodafone-Essar, and Idea Cellular and also BSNL, while the CDMA sector is dominated by Reliance and Tata Indicom, though BSNL is also operating in this sector.

Opening up of international and domestic long distance telephony services have been the major growth drivers for cellular industry. Cellular operators get substantial revenue from these services, and compensate them for reduction in tariffs on airtime, which along with rental was the main source of revenue. The reduction in tariffs for airtime, national long distance, international long distance, and handset prices has led to a growing demand (Department of Telecom, Govt. of India, 2011; Cellular Operator's Association of India, 2011).

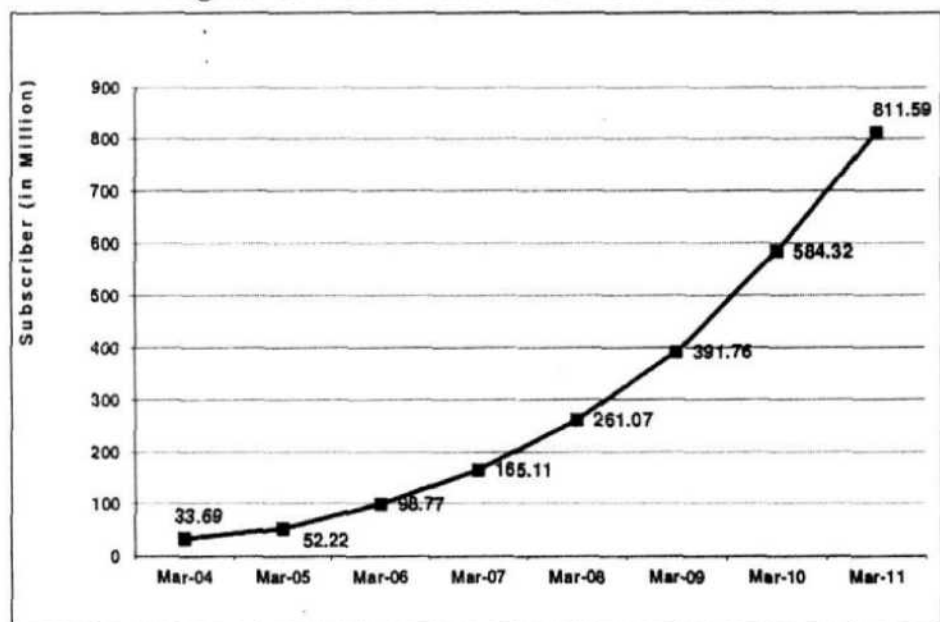
1.12.2 Telecom Industry: The Size and Growth: India's telecom sector has been one of the biggest success stories of market oriented reforms, and India is now amongst the fastest growing telecom markets in the world. Supportive government policies coupled with private sector participation have fuelled the unprecedented expansion of this sector. The announcement of the New Telecom Policy, 1999 was a watershed event for telecommunications in India. Other policy milestones include the opening of the long-distance market in 2002, the termination of VSNL's monopoly over international traffic in the same year, and the resolution of the wireless in local loop issue. As a result, telecom tariffs which were among the highest in the world less than ten years ago have now dipped to being among the lowest. Tele-density has also increased from 12.7 per cent in March 2006 to 70.89 per cent in March, 2011. The total number of telephones has increased from 54.63 million on March 31, 2003 to 142.09 million on March 31, 2006 and 846.32 million on March 31, 2011 (Telecom Regulatory Authority of India, 2011). While 225 million telephones were added during the twelve months of 2010-11, during the

current year, about 18 million subscribers are being added every month. As the fastest growing telecommunications industry in the world, it is projected that India will have 1.159 billion mobile subscribers by 2013.

The growth of wireless services has been phenomenal, with wireless subscribers growing at a compound annual growth rate (CAGR) of above 70 per cent per annum since 2003. Today the wireless subscribers are not only much more than the fixed subscribers in the country, but also increasing at a much faster pace. The share of wireless phones has increased from 24.3 percent in March 2003 to 78.77 per cent in December, 2006 and to 95.89 percent in March, 2011 (Fig.1.3).

Compared to a near negative growth of Wireline phones, Wireless are growing at close to 38.89% year to year and it is astonishing that this growth comes when monthly India is adding at an average of 19 million mobile subscribers per month.

Fig 1.3: Growth Trends of Wireless Subscribers



Source: Telecom Regulatory Authority of India (2011)

Improved affordability of wireless phone has made universal access objective more feasible. Furthermore, projections by several leading global consultancies indicate that the total number of subscribers in India will exceed the total subscriber count in the China by 2013. The industry is expected to reach a size of ₹344,921 Crore (US\$76.57 billion) by 2012 at a growth rate of over 26 per cent, and generate employment opportunities for about 10 million people during the same period. According to analysts, the sector would create direct employment for 2.8 million people and for 7 million indirectly. In 2008-09 the overall telecom equipments revenue in India stood at ₹136,833 crore (US\$30.38 billion) during the fiscal, as against ₹115,382 crore (US\$25.61 billion) a year before.

The telecommunications network in India is the 2nd largest in the world after China. The country is divided into several zones, or licensing areas, called circles (roughly along state boundaries). Government and several private operators provide local and long distance telephone services. As discussed above, it was thrown open to private

operators in the 1990s. Competition has caused prices to drop and calls across India are one of the cheapest in the world. The rates are supposed to go down further with new measures being taken by the Ministry of Communication.

India has the fastest growing telecom network in the world with its high population and development potential. Airtel, Idea, Reliance, BSNL, Aircel, Tata, Indicom, Vodafone, MTNL, and Loop Mobile are other major operators in India. However, rural India still lacks strong infrastructure. India's public sector telecom company BSNL is the 7th largest telecom company in world.

Indian telecom operators added a staggering 227.27 million wireless subscribers in the 12 months between March 2010 and March 2011 averaging at 18.94 million subscribers every month. To put this into perspective, China which currently possesses the world's largest telecommunications network added 119.2 million wireless subscribers during the same period (March 2010-March 2011) averaging 9.93 million subscribers every month (a little over half the number India was adding every month). So, while India might currently be second to China in the total number of mobile subscribers, India has been adding nearly twice as many subscribers every month until March 2011.

The table below shows the total number of telecom subscriber in India category wise as on 31st October 2011.

Table 1.1: Telecom Subscribers in India

Particulars	Wireless	Wireline	Wireless + Wireline
Total Subscribers (Million)	881.40	33.19	914.59
Total Net Addition during Sept 2011 (Million)	7.79	-0.12	7.66
Percentage of Monthly Growth in Total Subscribers	0.89%	-0.37%	0.85%
Urban Subscribers (Million)	580.49	25.28	605.78
Urban Subscribers Net Addition during Sept 2011 (Million)	4.37	-0.01	4.36
Percentage of Monthly Growth in Urban Subscribers	0.76%	-0.05%	0.72%
Rural Subscribers (Million)	300.91	7.90	308.81
Rural Subscribers Net Addition during Sept 2011 (Million)	3.42	-0.11	3.31
Percentage of Monthly Growth in Rural Subscribers	1.15%	-1.38%	1.08%
Overall Teledensity	73.27	2.76	76.03
Urban Teledensity	159.96	6.97	166.93
Rural Teledensity	35.82	0.94	36.76
Share of Urban Subscribers	65.86%	76.18%	66.23%
Share of Rural Subscribers	34.14%	23.82%	33.77%
Broadband Subscribers (Million)	12.98		

(Source: Telecom Regulatory Authority of India, 2011)

The number of total telephone subscribers in India increased to 914.59 Million at the end of October, 2011 from 906.93 Million at the end of September 2011, thereby registering a growth rate of 0.85%. The share of urban subscribers has marginally declined to 66.23% from 66.31% whereas share of rural subscribers has

marginally increased to 33.77% from 33.69% in the month of October, 2011. With this, the overall teledensity in India reaches to 76.03 at the end of October, 2011 from 75.48 of the previous month. Projected teledensity is 1.159 billion, i.e. 75% of population by 2013 (Telecom Regulatory Authority of India, 2011). Subscription in urban areas grew from 601.42 million in September, 2011 to 605.78 million at the end of October, 2011. Subscription in rural areas increased from 305.51 million to 308.81 million during the same period. The growth of rural and urban Subscription is 1.08% and 0.72% respectively. The overall urban teledensity has increased from 166.01 to 166.93 and rural teledensity increased from 36.40 to 36.76.

Total Wireless subscriber base increased from 873.61 Million in September 2011 to 881.40 Million at the end of October 2011, registering a growth of 0.89%. The share of urban Subscriber has marginally decreased from 65.95% to 65.86% where as share of rural Subscribers has marginally increased from 34.05% to 34.14%. The overall wireless Tele density in India reaches 73.27. Wireless subscription in urban areas increased from 576.12 million in September 2011 to 580.49 million at the end of October 2011. The subscription in rural areas increased from 297.49 million to 300.91 million during the same period. This shows higher growth in rural subscription (1.15%) than urban subscription (0.76%). The urban wireless teledensity has increased from 159.03 to 159.96 and rural teledensity has increased from 35.44 to 35.82 (Telecom Regulatory Authority of India, 2011). It is to be noted that Private operators hold 87.81% of the wireless market share whereas BSNL and MTNL, the two Public Sector Undertakings (PSU) hold only 12.19 % market share. The tabular presentation of market shares of all the service providers for the month of October (2011) is given in Table 1.2.

Table 1.2: Market Share of Telecom Service Providers in Wireless Segment

Operator	Market Share (%)	Operator	Market Share (%)	Operator	Market Share (%)
Bharti	19.71	Tata	9.97	MTNL	0.64
Reliance	16.81	Aircel	6.84	Stel	0.4
Vodafone	16.56	Uninor	3.67	Loop	0.36
Idea	11.55	Sistema	1.59	Etisalat	0.18
BSNL	10.91	Videocon	0.69	HFCL	0.13

(Source: Telecom Regulatory Authority of India, 2011)

Wireline subscriber base declined from 33.31 Million at the end of September 2011 to 33.19 Million at the end of October 2011. The share of Urban Subscribers have marginally increased from 75.94% to 76.18% where as share of Rural Subscribers has marginally declined from 24.48% to 23.82%. The overall wireline teledensity in India marginally declined to 2.76 with urban and rural teledensity being 6.97 and 0.94 respectively. BSNL and MTNL, two PSU operators hold 81.32% of the wireline market share.

Table 1.3: Market Share of Telecom Service Operators in Wireline Segment

Operator	Market Share (%)	Operator	Market Share (%)
BSNL	70.94	Reliance	03.80
MTNL	10.39	HFCL	00.59
Bharti	10.03	Sistema	00.14
Tata	04.11		

(Source: Telecom Regulatory Authority of India, 2011)

Number of Internet users in India is the 3rd largest in the world next only to China and the United States of America. Though the number of internet users is high, internet penetration is still much lower than most countries across the globe. It must also be noted that 40% of all internet users in India are connected to the net only via their mobile phones. The Broadband (≥ 256 Kbps download) subscriber base has increased from 12.84 million at the end of September 2011 to 12.98 million at the end of October 2011, thereby showing a monthly growth of 1.03% (Telecom Regulatory Authority of India, 2011).

1.12.3 Total telephone connections in India and variation of Market Share of BSNL over last ten years: The market share of BSNL has decreased since its inception, the table below shows this from 30.09.2000, the date of formation of BSNL, upto 31.05.2011. The market share has decreased from 78.05% to 13.45%. While total telephone connections have increased from 30.66 Million to 874.71 Million during the same period.

Table 1.4: Growth of Telephone Connections and Share of BSNL

S.N.	Year	Telephone Connections in the country (In Million)					Telephone Connections Provided by BSNL (In Million)					Market Share of BSNL (%)				
		Wired Line	Wireless			Grand Total	Wired Line	Wireless			Grand Total	Wired Line	Wireless			Grand Total
			WLL	GSM	Total			WLL	GSM	Total			WLL	GSM	Total	
*1	30/09/2000	28.04	0	2.62	2.62	30.66	23.93	0	0	0	23.93	85.34	0	0	0	78.05
2	31/03/2001	32.51	0.07	3.58	3.65	36.16	28.11	0.00	0.00	0.00	28.11	86.46	0.00	0.00	0.00	77.73
3	31/03/2002	38.07	0.46	6.43	6.89	44.96	33.20	0.20	0.02	0.22	33.42	87.21	43.14	0.27	3.11	74.33
4	31/03/2003	40.75	1.14	12.69	13.83	54.58	35.42	0.52	2.26	2.78	38.19	86.92	45.34	17.78	20.05	69.98
5	31/03/2004	40.92	9.47	26.15	35.62	76.54	35.44	0.96	5.25	6.21	41.65	86.60	10.13	20.09	17.44	54.41
6	31/03/2005	41.35	16.01	41.07	57.08	98.43	35.86	1.63	9.45	11.08	46.93	86.72	10.17	23.01	19.41	47.69
7	31/03/2006	41.56	29.70	69.20	98.90	140.46	35.42	2.57	17.16	19.74	55.16	85.22	8.66	24.80	19.96	39.27
8	31/03/2007	40.77	44.62	121.43	166.05	206.82	33.74	3.56	27.43	30.98	64.72	82.75	7.97	22.59	18.66	31.29
9	31/03/2008	39.42	68.38	192.36	260.74	300.16	31.55	4.58	36.21	40.79	72.34	80.05	6.69	18.82	15.64	24.10
10	31/03/2009	37.91	102.95	288.39	391.34	429.25	29.35	5.43	46.71	52.14	81.49	77.42	5.28	16.20	13.32	18.98
11	31/03/2010	36.94	162.73	421.68	584.41	621.35	27.83	6.14	63.31	69.45	97.28	75.34	3.78	15.01	11.88	15.66
12	31/03/2011	34.72	225.92	585.68	811.60	846.32	25.22	5.57	86.27	91.84	117.06	72.64	2.46	14.73	11.32	13.83
13	31/05/2011	34.42	223.58	616.72	840.30	874.71	24.86	5.37	87.46	92.83	117.69	72.24	2.40	14.18	11.05	13.45

* Telephone connections before the formation of BSNL

(Source: Prepared from data available at www.trai.gov.in)

1.13 Relevance of the Study

The ability of telecommunication operators to focus successfully on the customer has proven to be one of the most competitive issues toward the end of the 20th century. The services management literature is short of theoretical and empirical studies on customer satisfaction measurement in the telecommunications industry. This, however, is contrary to the industry practice since almost all major telecommunications companies around the world gather information about customer satisfaction and other related information about quality of their services (Athanasopoulos *et al.*, 2003).

In the context of service quality research, it has been demonstrated that the behavior of service employees affects the customer's perception of the service (Bitner *et al.*, 1990). Specifically, researchers have identified employee-related aspects of the service as dimensions of the customer's service quality assessment. For example, three out of five service quality dimensions of Parasuraman *et al.*'s (1988) SERVQUAL measure directly or indirectly address the behavior of employees (i.e. responsiveness, assurance, and empathy). Similarly, Dabholkar *et al.* (2000) identify personal attention and comfort as provided by a provider's employees as components of service quality. However, as the service quality construct represents a customer-sided view, it is a natural consequence that none of these authors uses a company perspective when modeling the different facets of employee behavior that impact service quality. Therefore, a service provider gains only limited information on the managerial action that is needed to select and train their service employees. Kelley (1992) studied the construct of Customer Orientation of Service Employees (COSE) on the premise, that the customer orientation of a service firm's frontline employees is crucial for business success, he proposes and empirically tests a conceptual framework of COSE determinants, including organizational constructs such as organizational climate and socialization, as well as personal constructs such as motivational effort and direction.

As per the data reported by the service providers, by the end of October 2011 about 231.66 lakh subscribers had submitted their requests to different service providers for porting their mobile number. This shows that many customers are dissatisfied

with their current operator and want to change their operator (Telecom Regulatory Authority of India, 2011).

Keeping the scorching pace of growth of Indian telecom industry in mind, there is a need to study the factors that lead to customer satisfaction and customer retention. In the context of telecom service industry it is not enough if the product meets the functional requirements of the customer, it should also meet certain other customer expectations like the behavior /attitude of the person who provides service. Thus, customer satisfaction is the combination of both technical features & human behavioural aspects (Ravishankar, 2006). The present study attempts to explore as to whether the employees of telecom companies, who serve as a touch point vis-à-vis the customers, are geared to meet the challenge. Further, it is expected that the findings of the study will have an applied bias as they can serve as inputs in dovetailing of marketing strategies by the telecom companies and also in development of appropriate market segmentation strategies.

1.14 Summary

Many a time perception of the customer about the quality of the services is derived by the behavior of the front end employees. As a result of the intangible and interactive nature of services, customers often rely on the behavior of service employees when judging the quality of a service. Consequently, the employees' level of customer orientation is considered an important leverage for service firms' economic success. There has been a shift from transactions to a relationship focus in marketing. Customers become partners and the firm must make long-term commitments to maintaining those relationships with quality, service and innovation. India's telecom sector has been one of the biggest success stories of market oriented reforms, and India is now amongst the fastest growing telecom markets in the world. Supportive government policies coupled with private sector participation have fuelled the unprecedented expansion of this sector. Thus, there is a need to study the factors that lead to customer satisfaction and customer retention. In the context of telecom service industry it is not enough if the product meets the functional requirements of the customer, it should also meet certain other customer expectations like the behavior /attitude of the person who provides service.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

Having a look at the basic literature on service orientation, customer orientation and market orientation, different interpretations of these theoretical constructs can be found. On the individual level, service orientation mostly is understood as an expression of attitude or personal trait. On the organizational level, it is more action oriented and can be seen as an expression of a certain handling or special performance of leadership, human resource management, service encounter and service system (Hogan *et al.*, 1984). Customer orientation can either be seen as one dimension of market orientation comprising customer commitment, the creation of customer value, understanding customer needs, generating customer satisfaction and providing after-sales service (Narver *et al.*, 1990). It can also be understood as focusing on certain customers, offering individualized or mass-customized solutions (Naumann *et al.*, 1992) or as a special attitude of service employees (Thurau, 2004; Hanzaee *et al.*, 2011). As per Wright *et al.* (1997), the practice of customer service is regarded as a measure of customer orientation. Market orientation according to Narver *et al.* (1990) and Chang *et al.* (1998) comprises customer orientation, competitor orientation, inter-functional coordination, long-term horizon and profit emphasis and is based on actions within a company. Kohli *et al.* (1990) stress the knowledge aspect of market orientation comprising the organization-wide generation of market intelligence, the dissemination of the intelligence across the company departments, and organization-wide responsiveness to the changes taking place in the environment. All in all, there is no consistent understanding of the three constructs in literature yet.

The notion of putting the customer first, or customer or market orientation as it is more usually labeled, is often traced back to Drucker's (1954, p. 37), statement that the purpose of a firm was to create and keep customers – for “*it is the customer who*

determines what a business is". This has generally been interpreted, as meaning that in order to be successful, organizations should attempt to ascertain the customer's needs and wants, and produce the products and services that will satisfy these. Indeed, the most enduring trait of the supposedly excellent firms in Peters *et al.* (1982), successful book was that they were "close to the customer".

2.1 Market and Customer Orientation

Organizations may have different types of business orientations such as customer orientation, goal orientation, management orientation, sales orientation, marketing/market orientation, and so on. All these orientations can be assessed both at the organizational and individual levels. They may be critically important for firms both in national and international markets. In general, the purpose of these orientations is to generate more profit, more sales, more satisfaction, and so on. Especially, customer orientation has been increasingly emphasized by both academics and practitioners as a beneficial business orientation for the last four decades. The concept of customer orientation can be evaluated from the two perspectives: organizational-level customer/market orientation versus individual-level customer orientation.

Employees of a market-oriented firm are ideally expected to be also market-oriented or customer-oriented. Market orientation motivates employees to become more customer-oriented, more committed to their company and their job, and more satisfied with their job (Kohli *et al.*, 1990; Siguaw *et al.*, 1994a). It has been empirically shown that, in a market-oriented organization, employees are likely to have more *esprit de corps* and organizational commitment (Jaworski *et al.*, 1993, 1996). Since a marketer has a significant impact on the creating demand and establishing trust between the organization and the customer, the actions and behavior of a marketer and his/her orientation towards the customer become very significant and central from the organizational standpoint. If an organization aims to establish and/or maintain a competitive position in the marketplace and to develop long-term satisfactory relationships with its customers, it should emphasize on understanding the factors that influence the customer-orientedness of its marketers.

The possible relationship between overall market orientation of the firm and the customer orientedness of the firm's marketing employees may have important implications for businesses. Maintaining a strong customer orientation in each employee, especially in a front end or contact employee, is critical for the success of almost any types of businesses. Few studies have investigated whether a high level of the organizational-level market orientation results in a high level of customer orientation exhibited by the firm's employees at different organizational levels (e.g., Siguaw *et al.*, 1994b). Siguaw *et al.* (1994b) found a positive and significant relationship between organizational-level market orientation and individual-level customer orientation. Brown *et al.* (2002, p.111) noted that "*Despite the apparent importance of employees, customer orientation is the implementation of the marketing concept in the market-driven company, research on the construct has been limited*".

2.2 Individual-Level Customer Orientation

Even though customer orientation is accepted by both practitioners and scholars as a critical element for the success of almost every business, past research has not given a specific attention to this subject much. The previous research has mainly treated customer orientation as an important component of the marketing concept (e.g., Bell *et al.*, 1971) and/or market orientation (e.g., Narver *et al.*, 1990). Customer orientation has mainly been examined at the organizational level in combination with the other dimensions of the marketing concept and/or market orientation (e.g., Kohli *et al.*, 1990; Narver *et al.*, 1990; Lukas *et al.*, 2000). In the literature, the number of individual-level market/customer orientation studies is limited (e.g., Saxe *et al.*, 1982; Williams *et al.*, 1985; Siguaw *et al.*, 1994b) and most of these studies have been conducted in the selling context.

A group of studies have examined the factors that affect the degree of customer orientation of individuals (e.g., O'Hara *et al.*, 1991; Brown *et al.*, 1994; Siguaw *et al.*, 1995, 1998; Brown *et al.*, 2002). O'Hara *et al.*, (1991) tested job tenure, supervisor/employee relations, job involvement, organizational commitment, and personal characteristics (i.e., gender) as antecedents of customer orientation while Siguaw *et al.*, (1995) investigated the links among job satisfaction, organizational

commitment, role conflict, role ambiguity, and salesperson's performance. Siguaw *et al.* (1994b) explored the effect of market orientation, as viewed from the salesperson's perspective, on the salesperson's customer orientation and job attitudes. Williams *et al.* (1996) examined the relationships among organizational culture, customer orientation, and buyer-seller relationship development. Customer-oriented behavior was used as a mediating variable between buyer/seller's organizational cultures and buyer-seller relationships. A selling firm's organizational culture is the significant predictors of customer orientation and relationship development. Brown *et al.* (2002) investigated the effects of basic personality traits on the customer orientation of employees.

There are not many studies that have examined the antecedents and consequences of the customer-orientedness of an individual in different business contexts including marketing, advertising, retailing, and so on. The possible link between market orientation and individual-level customer orientation is a vital research topic. The number of studies on this issue has been limited to a few (e.g., Siguaw *et al.*, 1994a; Menguc, 1996; Boles *et al.*, 2001; Jones *et al.*, 2003). The past research investigated the effect of the firm's market orientation (Siguaw *et al.*, 1994a, Menguc, 1996; Jones *et al.*, 2003) and the impact of the organizational-level customer orientation (Boles *et al.*, 2001) on the individual-level customer orientation of salespersons and/or sales managers.

A strong market orientation leads to more satisfied employees who are more committed, motivated, and productive (Day, 1998). A market-oriented organization requires its employees to be close to its customers and responsive to their needs and wants. Since employees of a market-oriented organization are generally highly motivated and committed (Day, 1998), they are expected to implement the requirements of their employer completely. Thus, they are likely to become more customer-oriented or customer-focused. Also, Flaherty *et al.* (1999) found that "employees perceiving a highly customer-oriented organization are likely to engage in those same types of customer-oriented behaviors themselves" (Kohli *et al.*, 1990; Flaherty *et al.*, 1999).

Siguaw *et al.*, (1994b; p.107) argued that "the firm possesses the means of influencing the customer orientation of its sales force and is rational in expecting the sales force to behave and respond to customer needs in a manner that is congruent

with the firm's market orientation. Therefore, it is reasonable to expect that the market orientation of the firm has a strong influence on the customer orientation of the sales force". From the empirical aspect, Siguaw *et al.* (1994b) showed that there is a positive and significant relationship between market orientation and customer orientation. Also, Boles *et al.* (2001) reported the existence of a significant, positive relationship between a firm's customer orientation and customer-oriented selling.

2.3 Customer Orientation and Individual Performance

A number of researchers have posited that the link between customer orientation and performance is relatively large (e.g., MacKenzie *et al.*, 1993). In general, extant research has found a positive and significant relationship between customer orientation and sales performance (McIntyre *et al.*, 2000; Boles *et al.*, 2001; Brown *et al.*, 2002). According to Williams *et al.* (1985, p.434), "Successful selling depends on successful interpersonal communication". Salespeople who are able to communicate and interact with their customers better are more likely to score high on sales performance. Customer-oriented salespeople better understand and satisfy needs and wants of their customers. High customer satisfaction may result in customer loyalty, a high customer retention rate, or repeated sales.

2.4 Customer Orientation and Buyer-Seller Relations

A possible link between customer orientation and relationship development has been explored by only a few studies (e.g., Berry, 1983; Groom, 1990; Martin *et al.* 1991; Biong, 1994; Berry, 1995; Bennett, 1996, Tzokas *et al.*, 1996; Williams *et al.*, 1996; Barnes, 1997; Payne *et al.*, 1997; Daskou, 1997; Baker *et al.*, 1999b; Beaverland, 2001). Williams *et al.* (1996, p.39) argued that "individual sales representative can positively affect the organization's performance by utilizing a customer-oriented approach in establishing and maintaining relationships with customers". Williams *et al.* (1996) argument suggests the existence of a positive connection between a customer-oriented approach and the establishment and maintenance of good relationships with customers. Moreover, Rust *et al.*, (1996; p.391) indicated that "*personal interaction component of services is often a primary determinant of the customer's overall satisfaction*". If the employee's interaction

with customers is characterized as being customer-oriented or customer-focused, overall customer satisfaction may be achieved. In turn, better customer satisfaction may lead to better long-term relations with customers. Empirically, Williams *et al.* (1996) found out that there is a positive and significant relationship between the salesperson's customer orientation and the development of buyer-seller relationship. Macintosh *et al.* (1992; p.23) claimed that "*empirical evidence of the antecedents and process of relationship development is practically non-existent*". Narver *et al.* (1990) say customer orientation is the sufficient understanding of one's target buyers to be able to create superior value for them continuously. Customer orientation culture suggests that a firm concentrates on providing products and services that meet customer needs (Day *et al.*, 1983; Dean *et al.*, 1994; Noble *et al.*, 2002). Schneider *et al.* (2006) argue that customer orientation requires a continuous positive disposition towards meeting customers' exigencies and therefore a high degree of concern for these customers. While Schneider and Bowen (1993) suggest that customer orientation culture is nurtured through regular supply of customer information about their needs so as to be able to design and deliver good products. Customer orientation as a component of market orientation has its fundamental thrust in pursuit of putting customers at the center of strategic focus (Mc Eachem *et al.*, 2005; Hanzae *et al.*, 2011). A customer-oriented culture involves excellence in customer interactions, market and customer familiarity and an emphasis on cooperation (Deshpande *et al.*, 1993). Ang *et al.* (2006) put forward a framework for auditing a customer orientation profile, which achieves definition, sensibility, measurement, and implementation. They define it as a process of putting customers at the heart of an organization that is, having the appropriate vision of customers and their needs; a phenomenon that makes the organization to see itself through the eyes of the customers.

2.5 Organizational-Level Customer/Market Orientation

Despite the amount of customer orientation research (Sax *et al.*, 1982; Brown *et al.*, 2002; Donovan *et al.*, 2004), the question of how customer orientation influences perceived organizational performance from the customer's perspective is under review. Customer orientation is the sufficient understanding of target buyers to be

able to continuously create superior value for them (Awwad *et al.*, 2011; Hanzaee *et al.*, 2011). Customer orientation is viewed as a desire by an employee to help customers meet their needs during the performance of organizational task (Jayawardhena *et al.*, 2011). Brown *et al.* (2002, p. 111) defined customer orientation as an “*employee's tendency or predisposition to meet customer needs in an on-the-job context.*” They found that customer orientation was influenced by deeper personality traits and, in turn, influenced worker performance. This perspective is consistent with traditional views of personality. For example, Pervin *et al.* (1997, p. 4) define personality as the “characteristics of the person that account for consistent patterns of feeling, thinking, and behaving (Donavan *et al.*, 2004). Mc Eachern *et al.* (2005) define customer orientation as a component of market orientation that focuses on putting the customers at the centre of strategic focus. Kotler (2004) emphasizes the need for organizations to move from the level of studying customer segments to shaping separate offers, services and messages to individual customers. Hence such firms may need to collect information on each customer's past transactions, demographics, psychographics, and media and distribution preferences. And they would hope to achieve profitable growth through expenditures by building high customer lifetime value. He further asserts that the ability of a company to deal with customers, one at a time has become practical as a result of advances in factory customization, computers, the internet and database marketing software. Nakata *et al.* (2006) assert that customer orientation encompasses the analysis of customers' needs, and responsiveness of organization to such needs. But some salient questions have been raised concerning whether customer orientation actually translates to better performance (Ang *et al.*, 2006; Avnet *et al.*, 2006; Hanzaee *et al.*, 2011). Day (1994) defined customer orientation as a concept which transforms marketing into a potent competitive weapon, shifting organizational values, beliefs, assumptions, and premises towards a two-way relationship between customers and the firm.

Customer orientation has been a part of the important stages of modern marketing's evolution. This evolution is characterized by four distinctive eras by some marketing texts (e.g., Berkowitz *et al.*, 1994). These eras include, in chronological order, the Production Era, the Sales Era, the Marketing Concept Era, and the Market Orientation Era (Berkowitz *et al.*, 1994; Wilkie *et al.* 2003). This periodization

framework is widely acknowledged by scholars. According to this well-known framework, the first era, the Production Era, is commonly extended from about 1870 to 1930. The major emphasis of management in this era is on production rather than distribution (Fullerton, 1988). This era gave very little attention to marketing (Fullerton, 1988). The Production Era was followed by the Sales Era in 1930s. In this era, personal selling was backed by research and advertising (Webster, 1988). Until the mid-1950s, "marketing" was seen as "selling". Under this conventional view of marketing, it was believed that greater sales volume was the key to profitability. The main focus was on products, not on customers (Webster, 1988). In 1950, the Marketing Concept Era which is based on customer orientation started (Webster, 1988) and it proved to be more profitable (Webster, 1988).

Customer orientation is one of the foundational elements of the marketing concept. According to Bell *et al.* (1971), the marketing concept consists of the three dimensions which are customer orientation or customer focus, integrated effort, and profit direction or market-driven. The last era is the Market Orientation Era which starts in the 1980s and lasts to present time. Since market orientation is accepted as the implementation of the marketing concept (Kohli *et al.*, 1990), customer orientation has also been an integral part of a market orientation.

2.6 Customer Orientation: Various Perspectives

Shapiro (1988) attempted to delve into the issue of "whether there is a difference between being market driven and customer oriented or customer driven and market oriented or whatever" and since then, several authors have used and discussed customer orientation and related concepts (e.g., Deshpandé *et al.*, 1993; Heiens, 2000; Thurao *et al.*, 2003). However, the vocabulary used in discussing customer orientation is still as multifarious as it was decades ago, and no consensus has been reached with regard to the conceptual understanding of the construct. Market orientation was characterized by the three dimensions which are (1) customer orientation, (2) competitor orientation or focus and (3) cross-functional coordination. From the behavioral/ activities/ process perspective, Kohli *et al.*, (1990, p.6) described market orientation as follows: "*Market orientation is the organization-wide generation of market intelligence pertaining to current and future customers*

needs, dissemination of the intelligence across departments, and organization-wide responsiveness to it". Market orientation consists of the three dimensions which are (1) intelligence generation, (2) intelligence dissemination, and (3) responsiveness (Kohli *et al.*, 1993).

Both the marketing concept and market orientation have been mainly studied at the organizational level in the literature. The effect of market orientation on organizational performance has been widely investigated by scholars in different business contexts (e.g., Narver *et al.*, 1990; Kohli *et al.*, 1990; Jaworski *et al.*, 1993; Baker *et al.*, 1999a; Matsuno *et al.*, 2000; Voss *et al.*, 2000). This effect was mostly positive and significant (Narver *et al.*, 1990 ; Deshpande *et al.*, 1993; Jaworski *et al.*, 1993; Han *et al.*, 1998).

It would be fair to say that the antecedents, consequences, and/or effects of the organizational-level customer/market orientation have been relatively well-documented compared to those of the individual-level customer orientation. The previous organizational-level market orientation research showed that market orientation may lead to a number of individual-level favorable outcomes such as: enhanced employee esprit de corps and organizational commitment (Jaworski *et al.*, 1993, 1996), customer orientation, role stress, job satisfaction, and organizational commitment of salespeople (Siguaw *et al.*, 1994b; Jaworski *et al.*, 1996). Employee consequences of a market orientation have received a very limited attention from researchers (Jaworski *et al.*, 1996).

2.6.1 Culture versus Behaviour: In the literature, two alternative, yet related perspectives are prevalent regarding the conceptual nature of customer orientation. The first perspective interprets customer orientation as a cultural phenomenon. For example, Deshpandé *et al.* (1993, p. 27) speak of customer orientation as "*the set of beliefs that put the customer first*". Similarly, Slater *et al.* (1995) stress customer orientation (or market orientation) as being a cultural variable that provides norms for organizational actions.

A second stream of research sees customer orientation as a behavioural construct. Kohli *et al.* (1990, p. 6) define customer orientation as "*the organization wide generation of market intelligence, dissemination of the intelligence across departments, and organization wide responsiveness to it*". Here, the focus is not on the organization's values and predispositions, but on its activities (see also Shapiro, 1989). However, although rarely mentioned in the literature on customer orientation, both perspectives can actually be linked when the character of organizational culture is seen as a necessary antecedent of related behaviours.

Motivational force under expectancy theory is a function of the perceived likelihood that a behavior will result in specific outcomes and the desirability of those outcomes (Oliver 1974). In general terms, expectancy theory predicts that even when employees believe that they can perform the behavior (i.e., expectancy), they will not be motivated to do so unless doing so will result in the attainment (i.e., instrumentality) of some valued (i.e., valence) intrinsic or extrinsic reward. More properly and in the context of customer service adaptive behavior, the expectancy component is an employee's estimate of his or her ability to adapt or customize the service, the instrumentality component is the employee's estimate that adapting will result in the attainment of some reward, and the valence component is the desirability of that reward (Gwinner, 2005; Thurnao *et al.*, 2003).

2.6.2 Structure versus Personnel: Furthermore, a firm's customer orientation can be differentiated with regard to the broad range of activities necessary for fulfilling the customer's wishes and demands. When it comes to identifying the main drivers of overall or company wide customer orientation, organizational structures and processes, as well as employee's activities with regard to customers, play a key role, as do such things as the firm's core goods and services, its logistics and the leadership style within the organization (e.g., Slater *et al.*, 1995). In the context of organizational structures and processes, a number of authors see the company's information generation and distribution systems, as well as the customer-related decision processes, as critical for the development of a strong customer orientation (Saxe *et al.*, 1982; Shapiro, 1989; Kohli *et al.*, 1990; Thurnao *et al.*, 2003; Thurnao, 2004; Hanzae *et al.*, 2011).

Employees can basically be divided into back-office employees and front-office employees (i.e. boundary-spanning personnel, see Bowen *et al.* (1985), or customer contact employees, see Hartline *et al.*, (1996). The former group has an indirect impact on customers' quality perceptions while the latter have a direct, non-mediated impact. In the context of this study, it is interesting to note that the behaviour of service employees is often stressed as being crucial for customer satisfaction and a high service quality (e.g., Bitner *et al.*, 1990), but is generally neglected in references to the concept of customer orientation. The performance of service employees can indeed be seen as crucial for customer satisfaction and perceived service quality. Donabedian (1980) posits that it is especially so in those services where a high degree of interaction exists; where the process dimension (i.e. the service encounter) plays an important role relative to structural and (particularly) outcome aspects (e.g., hairdressers, therapists). For these services, the "*interaction is the service from the customer's point of view*" (Bitner *et al.*, 1990, p. 71). Therefore, as also observed by several researchers (e.g., Saxe *et al.*, 1982; Shapiro, 1989; Kohli *et al.*, 1990; Heskett *et al.*, 1994; Thurnao *et al.*, 2003; Thurnao, 2004; Hanzae *et al.*, 2011), the development of a sophisticated understanding of the customer orientation of service employees might help service firms to increase the quality of their service, thereby contributing to an increased degree of customer satisfaction and customer loyalty/retention.

2.7 Conceptualizing Customer Orientation

Market or customer orientation was conceptualized by both Kohli *et al.* (1990) and Narver *et al.* (1990). Their conceptualizations are well-known and acknowledged by researchers. Both conceptualizations include an element which requires all of the firm's employees to focus on needs, wants, and preferences of their customers. These sub-dimensions were referred to as customer orientation (Narver *et al.*, 1990) and market intelligence generation (Kohli *et al.*, 1990). Either of these alternative dimensions is the key to a strong market orientation in an organization. Broadly, market orientation or customer orientation is concerned with the processes and activities associated with creating and satisfying customers by continually assessing their needs and wants, and doing so in a way that there is a demonstrable and measurable impact on business performance (Uncles, 2000).

2.7.1 The Two Conceptualizations: At an operational level, Narver *et al.* (1990) propose that market orientation comprises three behavioral components – customer orientation, competitor orientation and inter-functional coordination – and two decision criteria – long-term focus and profitability. Kohli *et al.* (1990), on the other hand, define market orientation as responsiveness to information concerning customers and/or competitors, and its effective generation and dissemination. Though the relative merits of these approaches and the degree of overlap between them are subject to debate, (e.g. Kohli *et al.*, 1993; Pelham, 1993; Siguaw *et al.*, 1994a; Farrell *et al.*, 1997; Oczkowski *et al.*, 1998), their value lies in defining market orientation in terms of specific activities that organizations should undertake (Pulendran *et al.*, 2000). Without a doubt, if a company is to survive and grow in the Darwinian market place of modern India, it becomes altogether necessary that all of its activities are oriented towards the market. That is, it should remain in constant touch with its customers, competitors, other stakeholders and the broad environment in which it operates, and should formulate an organization-wide response to any developments. However, a market orientation will not develop by itself. Antecedent preconditions include top management's emphasis (Felton, 1959; Levitt, 1969; Hambrick *et al.*, 1984; Webster, 1988; Kohli *et al.*, 1990; Jaworski *et al.*, 1993); top management's attitude to risk (Deshpande *et al.*, 1989; Kohli *et al.*, 1990; Jaworski *et al.*, 1993); interdepartmental conflict (Dutton *et al.*, 1966; Pondy, 1967; Raven *et al.*, 1970; Kohli *et al.*, 1990; Jaworski *et al.*, 1993); interdepartmental connectedness (Blake *et al.*, 1964; Lawrence *et al.*, 1967; Stern *et al.*, 1980; Deshpande *et al.*, 1982; Kohli *et al.*, 1990; Jaworski *et al.*, 1993) and performance appraisal (Hopwood, 1974; Lawler *et al.*, 1976; Anderson *et al.*, 1985; Webster, 1988; Jaworski *et al.*, 1993). All of these may promote or hamper market-oriented activity. It becomes a top priority to manipulate these factors to take the company to the positive end of the market-orientation continuum. The need to become market oriented assumes paramount importance for companies operating in a developing country such as India, where competition and the environment are becoming global and complex and customers more and more demanding day by day (Aggarwal *et al.*, 2004).

2.7.2 Similarities between the Two Conceptualizations: Despite the differences, the similarities between these two conceptualizations are also noteworthy. For example, each focuses on the customer as the core component of the definition; both entail an external orientation (a focus outside organizational boundaries); each acknowledges the importance of being responsive to customers; both acknowledge that market orientation is more than a focus on just the customer. Moreover, in a later review of the market orientation literature, Jaworski *et al.*, (1996) suggest a shift towards the Narver *et al.* (1990) definition. Hooley *et al.* (2000) observed that the conceptualization and measure of the Narver *et al.* (1990) scale is both conceptually and operationally appealing because it encapsulates the main aspects of the Kohli *et al.* (1990), intelligence gathering, dissemination, and responsiveness constructs while at the same time assessing cultural factors. This, it is argued, marks a shift towards a conciliation and integration of the two conceptualizations.

There have been notable efforts in the marketing literature to formalize definitions of customer orientation (e.g. Saxe *et al.*, 1982). Customer orientation has also been seen as synonymous with a business philosophy loosely called the marketing concept, which holds that, *"the key to achieving organizational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors"* (Kotler, 2000).

2.8 The Marketing Concept

A market-oriented firm is one which successfully applies the marketing concept (Kohli *et al.*, 1990; Pitt *et al.*, 1996; Caruana *et al.*, 1999). The marketing concept, in turn, holds that the key to organizational success is through the determination and satisfaction of the needs, wants and aspirations of target markets. These must be pursued more effectively and efficiently than by competitors. In other words, the marketing concept states that, if a business is to achieve profitability, the entire organization must be oriented towards satisfying customers' needs, wants, and aspirations. Groonroos (1991) suggests a strong information system especially in the case of those "in relationship marketing situations". The work of Jaworski *et al.* (1993) work, which followed suggestions by Churchill (1979), utilized the market intelligence-related activities of their definition to develop an information-instrument system for measuring market orientation (Osuagwu, 2006).

2.8.1 The Old and New Marketing Concepts: Market orientation has been widely accepted by scholars and academics as the implementation of the marketing concept, and marketing concept has been classified into two, the "old" marketing concept and the "new" marketing concept (Malin Brännback, 1999). According to Gunay (2002), while the "old" marketing concept is concerned with customer-

orientation, innovation and profit as an inducement for creating satisfied customers/clients (i.e. a management philosophy), the "new" marketing concept is more than a philosophy; it is a way of conducting business (i.e. a kind of business culture). The new marketing concept comprises customer or client orientation, market intelligence (data and information), distinctive advantages, value or quality delivery, market targeting and value proposition, customer/client-defined total quality management (TQM), continuous improvement in goods and services, customer/client-oriented business culture in the whole organization, and coordinated and integrated business activities in the whole organization tailored towards achieving better efficiency and effectiveness than competitors.

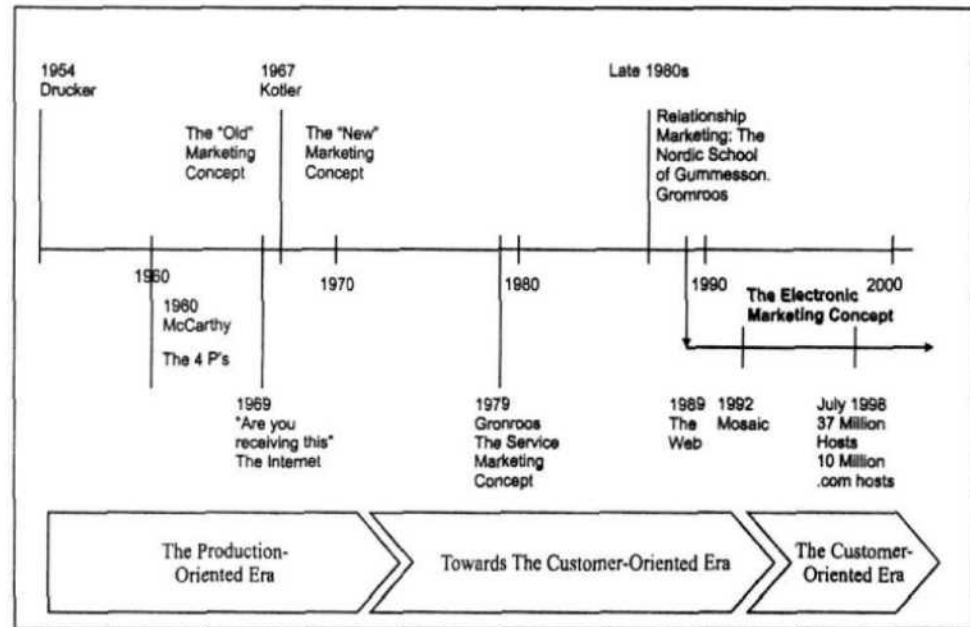
It is possible to plot the evolutions on a time scale as in Fig. 2.1 (Malin Brännback, 1999). However, the borders between a *production-oriented era* and a *customer-oriented era* are not very clear, in reality they tend to float over each other, as has been pointed out by a number of researchers (e.g., Day 1998, Dalgic, 1998). For instance, McCarthy (1960) spoke of a marketing concept as a new philosophy contrasting the old production-oriented philosophy as early as 1960, but this was on a conceptual basis, it is not the same as the acceptance of a concept in practice. The new philosophy was labeled marketing-oriented (McCarthy, 1960). Felton (1959) called the marketing concept a "corporate state of mind". In McCarthy's marketing concept the objective was for the firms to focus all its efforts on satisfying its customers, at a profit. The marketing concept held three basic elements: (i) a customer orientation, (ii) an integrated company effort, and (iii) a profit-goal rather than just a sales-goal. In order to implement the marketing concept it most likely would require changes in managerial attitudes as well as in methods and procedures, and organizational structures. McCarthy argued that changes would be necessary in all of these areas. It is my conviction that it has taken almost four decades for managers to understand that customer-orientation is not some departmental activity but a philosophy, which has to be disseminated through-out the company and it has to become part of the corporate culture. McCarthy introduced the marketing-mix as a tool for achieving the marketing-oriented philosophy in practice and this was to become the dominating paradigm of the field to this day.

Kotler (1967) followed the same line of thought and launched what he called the new marketing concept. Kotler acknowledged that in reality marketing may officially stand at the end of the assembly lines, and there for he stated, in 1967 (p.3) "*but unofficially its influence must be felt on the drawing boards.*" According to Kotler, the "old" marketing concept was a sales concept paying very little, if any, attention to satisfying customer needs. Moreover, the fact that this required the co-ordination of several activities, which at that time tended to reside in departments of their own within organizations (advertising, marketing research, personal selling, etc.), was not quite realized either. In other words Kotler pointed at what McCarthy some years earlier had called a lack of unified focus (McCarthy, 1960).

The "new" marketing concept reversed the logic of the old one to some extent. In the old concept the company started from its own existing products and thought of ways to increase sales. In the new concept the company starts with the customer (existing and potential) and works its way back into the company asking what products - or better yet - what solutions are necessary for satisfying the needs of

those customers. Thirty years later in the context of Internet business, Sterne (1996, 1998) speaks of the need for organizations to put on their “customer glasses” and try to imagine what the customer sees and perceives.

Fig. 2.1: Evolution of Marketing Concepts on Time Scale



Source: Adopted from Malin Brännback (1999)

2.8.2 The Service Marketing Concept: The service marketing concept (Grönroos, 1989, 1989, 1996, Zeithaml *et al.*, 1996) was a result of criticism of the traditional marketing-mix paradigm, but also from realizing that services are inherently different from products. Services cannot be stored, they are produced and consumed simultaneously, they are generally intangible, and they are heterogeneous. The last characteristic refers to the fact that the quality of the service will be dependent on employee satisfaction and that there is rarely a guarantee that there is a match between what has been promoted and the actual outcome (Zeithaml *et al.*, 1996).

The relationship marketing concept grew out of a primary interest in the buyer-seller relationship where customer perceived value was seen as a result of interaction between personnel and customers but where a group of researchers realized that the service marketing concept was applicable in industrial marketing context for studying business relationships (Grönroos, 1996). Furthermore, the relationship marketing concept distanced itself from the traditional marketing-mix paradigm (Grönroos, 1994, 1996), arguing that the traditional marketing-mix directed critical attention away from the most essential – the customer. Day (1998, p. 2) argues that “Even firms with first-class technologies and business systems have only the necessary conditions for success; unless they have superior skills in understanding, *satisfying and retaining* customers they will not realize their full potential.”

2.9 Perception of Service Quality by Customers

A service is a process that leads to an outcome during partly simultaneous production and consumption processes (Gronroos, 2001). Service quality is the great differentiator; it gets and keeps the customer's attention (Berry *et al.*, 1990). According to Gronroos (1984) and Parasuraman *et al.* (1985, 1991), the traditional approach for defining service quality emphasizes that service quality perception is a comparison of consumer expectations with actual performance. Chia *et al.* (2002) simplified the definition of service quality as a comparison between consumers' expectations and their perceptions of the service they actually receive.

Many studies on TQM implementation and its effect on performance have been published, but the sample of companies targeted showed that manufacturing companies have been surveyed to a greater extent compared to the service sector (Sila *et al.*, 2002). This may be because TQM has its origin in manufacturing related organizations (Brah *et al.*, 2000) as well as the assessment and measurement of quality management in services may seem more difficult because of the intangible nature of services (Parasuraman *et al.*, 1985).

Juran (1982) classified the measurement of quality in a service organization along two dimensions: internal and external. Internal measurement is to measure the internal process, while external measurement is to measure the quality of products or services based on customer satisfaction. The main yardstick of performance in quality for service organizations is external customer satisfaction. According to him in providing preliminary feedback of an organization's quality improvement an internal climate survey could be utilized, which refers to employees' and managers' perceptions, about their organization and work units along several dimensions.

Among the various concepts on service quality, two of the most widely accepted and used by researchers is the SERVQUAL model by Parasuraman *et al.* (1988) and the Technical/Functional Quality framework by Gronroos (1983, 1990). Parasuraman *et al.* (1985) proposed a conceptual framework of service quality based on the interpretation of qualitative data from extensive explanatory research performed in four service businesses. SERVQUAL instrument by Parasuraman *et al.* (1988) included two 22-item sections. The intent is to measure customer expectations for

various aspects of service quality and customer perceptions of the service they actually received from the local service organization (Lassar *et al.*, 2000).

In the context of service quality research, it has been demonstrated that the behavior of service employees affects the customers' perception of the service (Bitner *et al.*, 1990). Specifically, researchers have identified employee-related aspects of the service as dimensions of the customer's service quality assessment. For example, three out of five service quality dimensions of Parasuraman *et al.*'s (1988) SERVQUAL measure directly or indirectly address the behavior of employees (i.e. responsiveness, assurance, and empathy). Similarly, Dabholkar *et al.* (2000) identify personal attention and comfort as provided by a provider's employees as components of service quality. However, as the service quality construct represents a customer-sided view, it is a natural consequence that none of these authors uses a company perspective when modeling the different facets of employee behavior that impact service quality. Therefore, a service provider gains only limited information on the managerial action that is needed to select and train their service employees.

The SERVQUAL instrument has been used widely all over the world but it cannot avoid criticisms. Many researches conducted in a variety of settings suggest that the five SERVQUAL dimensions may not be universal for all services and that it is probably unnecessary to administer the expectation every time SERVQUAL is administered (Carman, 1990; Parasuraman *et al.*, 1991; Babakus *et al.*, 1992). Apart from expectations-performance methodology by Parasuraman *et al.* (1988), Cronin *et al.*, (1992) claimed that a psychometrically superior assessment of service quality could be obtained through the SERVQUAL performance items alone. According to Lassar *et al.* (2000), recent researchers have started integrating other constructs and measures along with the SERVQUAL dimensions in order to extend and improve the explanatory power of this model.

Gronroos (1983) has his own functional/technical model of service quality which has two-dimensions viz. *technical quality*, and *functional quality*. In this model, he explained that technical quality entails what is provided and functional quality takes into account how it is delivered. He also suggests that service quality is dependent on two variables, the consumers' expectations of what the outcome will be, and the consumer's perception of the actual result (Dotchin *et al.*, 1994). Gronroos (1984) and Dotchin *et al.* (1994) indicated that functional quality will compensate for

temporary problems with technical quality but will not make up for an overall lower quality level. This means that as far as services are concerned, if technical quality is at least satisfactory, then functional quality is the important factor of consumer perceptions. Meanwhile, where technical quality is very similar among firms, functional quality is an important means of differentiation.

The two dimensions of service performance (technical and functional quality) are compared to the customers' expectations and eventually the customer has their own service quality perceptions (Chia *et al.*, 2002), which consists of service culture and service process. Gronroos' model has received a lot of attention recently even though it has not been utilized or tested to the extent of the SERVQUAL model. Lassar *et al.* (2000) in his study on service quality perspectives and satisfaction in private banking concluded that technical/functional quality based model of service quality is better suited as compared to the SERVQUAL based model in predicting customer satisfaction when customers are actively involved or highly interested in service delivery.

2.10 Forms of Market/Customer Orientation

Different researchers have attempted to study various forms of market orientation. One of the earliest, by Hooley *et al.* (2000), explored marketing typologies. In contrast to many of the studies in this field, it adopted a grounded approach to elucidate "what marketing means to practitioners". The researchers identified four clusters, and found significant differences between the organizational systems, strategies and performance among them. In a survey of the UK manufacturing sector, Lui (1996) found that just over a third of companies considered themselves to be market oriented. Other orientations reported included production, selling, product and competitor. In contrast, Greenley (1995a) finds similar clusters of market orientation forms, but concludes that environmental conditions do influence the effectiveness of market orientation (Harris *et al.*, 1999). Despite the clear contribution of this research, a number of important limitations can be identified. First, the extant literature on market orientation forms explores neither the drivers nor the emphasis of the different dimensions within these forms. Second, the uni-dimensional perspective of market-orientation focuses on a single differentiation

characteristic. In each of these studies, market orientation is conceptualized as a continuum (not just a dichotomous concept). This leads to challenges in the interpretation of findings. Third, as with the Harris *et al.* (1999) study, many of these studies have focused on a single industry. Finally, the conceptualizations have been developed out of a single literature. This appears particularly limiting, considering the contributions made in the organizational culture and strategy literature. Thus, existing studies fail to provide a comprehensive analysis of potential distinguishing behaviors, cultures, structures, strategies or environment characteristics related to different market orientation forms. Therefore, any new findings that can improve our understanding and application of the marketing philosophy would be both valuable and useful. Such insights should be drawn from a holistic perspective.

2.11 Market Orientation: The Impact

In the marketing literature, the impact of a firm's customer orientation on its long-term economic success is largely undisputed. The concept of customer orientation has thus developed into one of the main fields of marketing research. The idea behind customer orientation - which is closely related to the fundamental thinking behind marketing itself (e.g., Kotler, 1972) - is that a company has to address the needs and wishes of its customers adequately in order to ensure that they will buy the company's products and services, experience a high degree of satisfaction with these goods and services, and then become loyal customers of that company. Although it is rarely made explicit in the literature, customer orientation can be seen as a main fundament of the relationship marketing concept (Thurau *et al.*, 2000; Thurnau *et al.*, 2003; Thurnau, 2004). Previous research has established the positive impact of a firms' market orientation on employees' *esprit de corps* (Jaworski *et al.*, 1993; Shoham *et al.*, 2001; Rose *et al.*, 2002). Market orientation provides employees with a sense of belonging, direction, and feelings of contributing towards satisfying customer needs, thereby leading to greater *esprit de corps*. Kohli *et al.*, (1990) suggested that their use of *esprit de corps* is similar to the teamwork concept in a services marketing context (Zeithaml *et al.*, 1988). Market orientation provides psychological and social benefits to employees and enhances *esprit de corps* and teamwork. Moreover, market orientation was the strongest predictor of the seven antecedents of *esprit de corps* tested by Jaworski *et al.* (1993).

Market orientation is a positive driver of organizational commitment. By providing team spirit, it can enhance employees' pride, which, in turn, should increase their commitment to the firm. Dubinski *et al.* (1986) emphasized the importance of salespeople's socialization, which can enhance workers' understanding of their role definition and provide an understanding about the tasks to be performed. In combination, these benefits should enhance employees' task-specific self-esteem and help resolve conflicting job demands. Role definition should increase job involvement and organizational commitment (Dubinski *et al.*, 1986).

A well-developed market orientation can serve as initiation and socialization mechanisms for the workforce, thereby enhancing organizational commitment indirectly. Market orientation helps firms track and respond to changing customer needs; hence, high- market orientation firms should outperform low-market orientation firms. Three theoretical approaches (an evolutionary perspective, an industrial organization approach, and a resource-based-view of the firm) underlie the expected positive market orientation-to-performance link. The evolutionary perspective (Lusch *et al.*, 1987) argues that organizational characteristics that made a firm fit its environment become a part of its future evolution only when replicated. Market orientation provides an organization with a winning philosophy in the face of intensifying competition. Thus, it will be selected because it increases the probability of an organization's survival. Lusch *et al.* (1987) found that the link between the marketing concept and organizational performance was positive and significant. Industrial organization theory provides additional justification for the market orientation -to-performance link (Knight *et al.*, 2000). Firms manage their relationship with the environment to maximize performance (Scherer *et al.*, 1990). The differential firm resources give rise to superior strategy and performance (Wernerfelt, 1984; Barney, 1991; Porter, 1991). Prahalad *et al.* (1990) described core competencies as the collective learning of an organization. By enhancing market orientation, it is possible to enhance the core competencies of a firm. Market orientation might also impact performance indirectly (through its behavioral consequences).

Unfortunately, previous market orientation research has not focused on the potential of its behavioral outcomes (organizational commitment and esprit de corps) to affect performance. These links are important because the impact of market orientation on

performance may be direct, as hypothesized and documented previously, but it may also be indirect, through its behavioral outcomes. An advantage of the meta-analysis used here is that it makes it possible to test such indirect impacts. Committed employees are less likely to be absent from work or to resign from their firm (Steers, 1977), are more likely to go beyond required norms to contribute to the attainment of organizational goals (Steers *et al.*, 1979), are willing to give of themselves for the general wellbeing of the organization (Mowday *et al.*, 1982), and are more likely to remain members of the organization (Porter *et al.*, 1974; Dunham *et al.*, 1989; Tett *et al.*, 1993; Cohen, 1993; Somers, 1995). Similarly, less committed employees are less willing to share and sacrifice for the organization (Randall *et al.*, 1990). Bloemer *et al.* (1998) hypothesized a relationship between organizational commitment and customer loyalty, enhancing performance.

In the context of professional associations, Gruen *et al.* (2000) hypothesized and documented that organizational commitment enhances retention, participation, and co-production. Organizational commitment may also enhance sales force performance leading to higher organizational performance (Michaels *et al.*, 1988) since committed employees are likely to identify with their work (O'Reilly *et al.*, 1986). Grant *et al.* (1999) found that high organizational commitment resulted in higher sales, market share, and customer satisfaction (Mason *et al.*, 2006). Deshpande *et al.* (1993) challenged both conceptions. They see market orientation as being synonymous with customer orientation, being distinguishable from competitor orientation. Putting customer interests first is the central part of their definition of customer (market) orientation and they argue that competitor orientation can be almost antithetical to customer orientation when the focus is more on the strengths of the competitor than on the unmet needs of the customer. This view is consistent with other authors from the marketing and strategic management field. They emphasize a need for a strategic focus on the customer (Martin *et al.*, 1991; Ruekert, 1992; Bengt, 1993; Day, 1994; Doyle *et al.*, 1998).

2.12 Customer/Market Orientation in Strategic Management Literature

Given that the concept of market orientation is deeply embedded in the strategic intent of the organization, the strategic management literature has much to contribute to our understanding of the potential influences on market orientation forms. It identifies two categories of environmental influences that appear pertinent, intra- and extra-firms, which have important implications for the likely manifestation of the marketing philosophy. The former are concerned with the internal environment of the firm and are generally regarded as manageable; the latter emerge from beyond the boundaries of the firm. The general marketing literature recognizes culture as being fundamental to the conceptualization of market orientation (Deshpande *et al.*, 1989).

In the strategic management literature, corporate culture represents an intra-firm perspective of environmental influencers. For example, Whipp *et al.* (1989) consider how corporate culture might be altered, and examine the links between corporate culture, strategic change and competitive performance. Recognizing the pluralistic nature of culture, they suggest it to be correspondingly difficult to change. They conclude that core beliefs and values held by members of an organization, which lend meaning to their environment, have a number of distinctive characteristics. In this way, multiple manifestations of culture are likely to result in multiple manifestations of market orientation, dependent on the micro-level influencers within the firm (Deal *et al.*, 1982; Barney, 1986; Garvin, 2004). An alternative approach to intra-organizational environmental influencers was adopted where the relationship between the vision and strategy of an organization's founder and the strategy of subsequent managements was examined. They concluded that the strategic legacy created by founders plays a critical role in the development of organizational culture and strategy. Thus, environmental factors appear to influence corporate cultures and, in this way, multiple manifestations of strategic implementation.

As market orientation is concerned with the collection and dissemination of market information to inform strategy development, the implications is that these extra-firm factors are likely to influence future manifestations of market orientation. An extra-firm perspective of environmental influencers can be found in the strategic management literature at the industry level, through the phenomenon of strategic

legacy (Spender, 1989; Scherer *et al.*, 1990; Abrahamson *et al.*, 1994). For example, Abrahamson *et al.*, (1994) conclude that business networks both induce and reflect the existence and persistence of more or less homogeneous, industry-level macro-cultures (Dutton *et al.*, 1987; Van de Ven *et al.*, 1992). In turn, those increase the level of inertia these organizations experience. That is, industry-level macro-cultures influence the inventiveness of organizations and the diffusion of innovations among them. In this way, they increase the similarity of member organizations' strategic profiles.

It can be suggested that the industry sector to which a firm belongs is likely to influence the emphasis that industry places on any single dimension of market orientation (Gordon, 1991; Sparrow *et al.*, 1996; Weber, 1996). The existence of a common industry culture suggests the possibility that market orientation forms will vary by industry sector. Chatman *et al.* (1994) found that stable organizational cultural dimensions existed, and varied more across industries than within them. They explain that firms in similar industries may face constraints on how distinct their cultures can actually be, and thus on the extent to which culture can be used as a source of competitive advantage. In their discussion of corporate culture Whipp *et al.* (1989) suggest that a powerful agent of change affecting company culture is the sector within which a firm operates. Yet, in spite of its potency, an industry culture is even less amenable to change than corporate culture. Since the sector culture is so often a collective expression of the dominant beliefs of its constituent's cultures, the difficulties are multiplied. It therefore appears likely that an industry sector that does not have a typically market oriented culture is likely to spawn a specific form of market-oriented firm. The extant literature presents empirical evidence to support the theory that both intra and extra-firm factors influence organization ideologies and their consequent manifestation. Therefore, we suggest that market orientation will emphasize different dimensions, dependent on specific intra- and extra-firm influencers (Blankson *et al.*, 2006).

2.13 Relationship Orientation

A relationship orientation implies that the focus of marketing is on retaining customers by maintaining and strengthening win-win relationships over time (Berry,

1983; Groonroos, 1990; Martin *et al.*, 1991; Biong, 1994; Berry, 1995; Bennett, 1996; Tzokas *et al.*, 1996; Payne *et al.*, 1997; Barnes, 1997; Daskou, 1997; Baker *et al.*, 1999a & b; Beaverland, 2001). This approach implies that relationships are more likely to develop in situations where the customer comes in more frequent contact with the service provider (Crosby *et al.*, 1990; Barnes, 1997; Doney *et al.*, 1997; Bove *et al.*, 2000), where the service is continuously delivered over an extended time period (Berry, 1995; Bennett, 1996) and where the customer perceives the relationship to be important (Ward *et al.*, 1997).

There are a number of underlying assumptions inherent to relationship marketing, including; a relationship can be formed with all customers, in all service situations, suggesting that all organizations should partake in relationship development; Relationship strength will increase as the duration of the relationship increases; the more frequent contact consumers have with a particular service provider the greater the opportunity for the relationship to strengthen; that customer demographic characteristics impact on relationship strength; and that relationship strength will increase more if the customer places greater importance on such relationships. Although reiterated throughout much of the relationship marketing literature empirical support for these assumptions is lacking (Williams, 1990).

2.14 The Link between Market Orientation, Sales Growth and Profitability

Since the conceptualization of market orientation in the 1990s (Kohli *et al.*, 1990; Narver *et al.*, 1990), the tenet has continued to be a central focus of attention in the marketing and management literature (Perry *et al.*, 2002; Pulendran *et al.*, 2003; Verhees *et al.*, 2004). Much of that interest can be attributed to the link between market orientation, sales growth and profitability (Greenley, 1995b; Harris, 2001; Hooley *et al.*, 2003). These findings have ensured that the construct remains of significant interest to marketing scholars and commentators, from both a strategic and operational perspective. Siguaw *et al.* (1998) observed that different firms adopt different “forms” of market orientation.

However, despite a number of useful contributions to our understanding of market orientation, it is perhaps surprising that the emphases placed on different dimensions

of market orientation have yet to be systematically studied. Specifically, little attention has been paid to the environmental factors that may contribute to the development of particular orientation emphases (Harris *et al.*, 1999). One notable exception is the work of Greenley (1995b) who's quantitative study identified performance differences between five market orientation forms but no significant difference between the market environments that they were associated with. However, as Day (1999), observes, there are practical limitations to this quantitative approach. This, together with the increasing recognition of the complex nature of market orientation, suggests that there may well be value in re-visiting the field from a qualitative perspective.

2.15 Customer Satisfaction

Kotler (2000) defined satisfaction as *"a person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations"*. Hoyer *et al.* (2001) said that satisfaction can be associated with feelings of acceptance, happiness, relief, excitement, and delight. There are many factors that affect customer satisfaction. According to Hokanson (1995), these factors include friendly employees, courteous employees, knowledgeable employees, helpful employees, accuracy of billing, billing timeliness, competitive pricing, service quality, good value, billing clarity and quick service(Thurao *et al.*, 2003; Thurao, 2004).

In order to achieve customer satisfaction, organizations must be able to satisfy their customer's needs and wants (La Barbera *et al.*, 1983). Customer's needs state the felt deprivation of a customer (Kotler, 2000) whereas customer's wants refer to *"the form taken by human needs as they are shaped by culture and individual personality"*. Customer satisfaction is important because, according to La Barbera *et al.* (1983), *"satisfaction influences repurchase intentions whereas dissatisfaction has been seen as a primary reason for customer defection or discontinuation of purchase"*. Thus, customer satisfaction is very important though it does not guarantee repurchase on the part of the customers but still it plays a very vital part in ensuring customer commitment and retention.

Customer satisfaction has been studied extensively in the field of marketing (Oliver, 1980; Fornell, 1992; Anderson *et al.*, 2004; Hanzae *et al.*, 2011). The role of satisfaction in predicting behavioral intentions is well established in the literature (Cronin *et al.*, 1992; Anderson *et al.*, 1994; Zeithaml *et al.*, 1996), with the majority of studies assuming that previous experience of transactional customer relationships is a primary determinant of repeated purchasing behavior. Ganesan (1994) found that long-term orientation is affected by the extent to which customers and vendors trust their “channel partners” (Appiah-Gyimah *et al.*, 2011). It is one of the most commonly used customer-oriented metrics by managers because of its generic nature and its universal measurability for all the types of products and services (Gupta *et al.*, 2006). In the traditional sense, satisfaction was considered to be transaction-specific construct which resulted from immediate post purchase judgment or affective reaction (Oliver, 1993). Customer satisfaction is also considered from a cumulative satisfaction perspective and is defined as customer’s overall experience to date with a customer satisfaction product or service provider (Johnson *et al.*, 2001; Krepapa *et al.*, 2003). Most of the customer satisfaction studies are now using this cumulative satisfaction concept (Gupta *et al.*, 2006; Ganguli *et al.*, 2011). The degree of overall pleasure or contentment felt by the customer, resulting from the ability of the service provider to fulfill the customer's desire, expectations and needs in relation to the service. Customer satisfaction is a complex construct and has been defined in various ways (Besterfield, 1994; Barsky, 1995; Kanji *et al.*, 2002; Fecikova, 2004; Dimitriadis, 2006; Ganguli *et al.*, 2011; Hanzae *et al.*, 2011). Recently, researchers have argued that there is a distinction between customer satisfaction as related to tangible products and as related to service experience. In service markets, customer satisfaction is often measured as the difference between service expectation and experience (Trasorras *et al.*, 2009; Mysen *et al.*, 2011). Satisfaction reflects, whether a consumer believes that the possession and/or use of a service evoke positive feelings (Jayawardhena *et al.*, 2011).

Fornell *et al.* (1996) found that service firms have significantly lower customer satisfaction scores than manufacturing firms. Their study also revealed that satisfaction is more quality-driven than price-driven in service markets. Expectations play a significant role in customer satisfaction. Jones *et al.* (2003, p. 11) stressed

that, “when expectations are met or exceeded, customers report higher levels of satisfaction. Therefore, an important step in managing customer expectations is creating realistic expectations.” Ranaweera *et al.* (2003, p. 82) add that “it is a held belief that the more satisfied the customers are, the greater is their retention.” Fecikova (2004) believes that the key to organizational survival is the retention of satisfied internal and external customers. She proposed that we need to measure satisfaction to manage it effectively. Fornell *et al.* (1987) stated that there will always be some customer dissatisfaction due to a variety of causes (including, at least for certain types of products, customer desire for variety). According to Zahorik and Rust (1992), satisfaction has long been recognized as an important construct in models of buyer behavior and models of customer retention to service design often incorporate it as a variable (Trasorras *et al.*, 2009; Hanzaee *et al.*, 2011).

2.16 Customer Satisfaction in Telecommunication Industry

The academic literature on customer satisfaction in telecommunications is relatively scattered and primarily concerned with mobile telecommunications customers (Woo *et al.*, 1999; Lee *et al.* 2001; Ueno, 2010; Mokhtar *et al.*, 2011). In particular, Woo *et al.* (1999) examined the behavior of mobile telecommunication customers in Hong Kong. Transmission quality and network coverage were found to be the most important factors driving customer satisfaction in their study giving, therefore, high priority to product functionality in assessing the satisfaction of individual customers. In a similar vein, Lee *et al.* (2001) have examined the interaction between customer satisfaction, switching costs and loyalty behavior in mobile telecommunications in France. Schul *et al.* (1993), studying the satisfaction function of telecommunication’s customers in Israel, examined the impact of different research strategies on customer satisfaction ratings. That is, they examined the impact of placing the question of overall customer satisfaction either at the beginning or at the end of the customer satisfaction questionnaire. It was found that placing the overall customer satisfaction question at the end of the questionnaire increases the correlation between the partial satisfaction coefficients and the overall customer satisfaction ratings.

According to Ueno (2010), the service quality gaps model is the conceptualization of service quality as the gap between customer expectations on the services and perceptions of the service performance. Furthermore, based on the gap model there are four major discrepancies contributing to service quality gaps, and each of the four gaps in turn contributes to the existence of gap five (Ueno, 2010; Mokhtar *et al.*, 2011).

Thus, the current literature addresses specific aspects of telecommunications but does not provide an overall understanding of the dynamics of customer satisfaction. In a series of articles Finkelman *et al.* (1992) sought to address the problem of how customer satisfaction systems should be designed in the context of telecommunication service providers. They propose customer satisfaction measures focusing on experience from sales, installation, product usage, repair, and billing. All aspects of customer-provider contacts require a customer satisfaction framework that will facilitate the selection of unbiased customer opinion about their experience with the telecommunication operator. The above cited research, along with contributions of Gale (1994), was among the first studies concerning the transaction-specific customer satisfaction measurement in telecommunications.

Smith (1999) proposed an empirical framework concerning the effects of service encounters involving failure and recovery on customer satisfaction. Such research evidences the need to having an integrated approach to the assessment of customer satisfaction that will capture the effect of different aspects of the telecommunications service on customer satisfaction.

2.17 Customer Retention

According to Gutek *et al.* (1999), service relationships occur when customers have repeated contact with same service provider. Service relationships refer to instances where service providers know their customer personally and expect to see them again in future (Guchait *et al.*, 2011). The individual judgment about buying a designated service from the same company again, taking into account his/her current situation and likely circumstances. Levitt (1983) examines value and customer retention via the buyer-seller relationship. Levitt (1983, p. 2) said that, "the relationship between a seller and a buyer seldom ends when a sale is made."

Increasingly, the relationship intensifies after the sale and helps determine the buyer's choice the next time around. According to Levitt (1983), it is expectations and not things. How this relationship is managed is critical to its continuation. He warns that in the absence of sound management, the relationship will deteriorate. The failure of the service provider to address what may be causing the dissension will no doubt alter the relationship. Hellier (1995) tested a customer retention model in the insurance services sector and found relationships among perceived value (largely expressed through quality), customer satisfaction, loyalty and switching costs and repurchase intent (retention). Product and brand preference were intervening factors. Retention can also be measured based on customer profitability. Pffeifer *et al.*, 2005, p.11) stated that "some customer are more equal than others, and firms can prosper by learning to identify and capitalize on customer differences". They quote a study by Reichheld *et al.* (1990) which reported that a 5 percent increase in retention would increase profits by 75 percent (Trasorras *et al.*, 2009; Hanzaee *et al.*, 2011).

2.18 Emotional Commitment

Commitment is important to the study of relationship because it not only signals enduring stability at the conceptual level, but also serves as a reliable surrogate measure of long-term relationship at the operational and empirical level (Han, 1992; Mavondo *et al.*, 2001). Commitment has served as the dependent variable in several relationship marketing models including those describing buyer-seller relationships, e.g. (Morgan *et al.*, 1994; Hanzaee *et al.*, 2011) and channel behavior (Kumar *et al.*, 1995). Communication is a good indicator of long-term relationships (Shamdasani *et al.*, 1987; Morgan *et al.*, 1994; Farrelly *et al.*, 2003). Commitment has been shown to be an important factor in developing cooperative and relationships between providers and customers (Morgan *et al.*, 1994; Garbarino *et al.*, 1999), and such relationships are more likely to be characterized by higher levels of service quality and long-term profitability (Zeithaml *et al.*, 1996; Hanzaee *et al.*, 2011). These findings are in accordance with the so-called "Commitment-Trust Theory of Relationship Marketing" (Morgan and Hunt, 1994), which states that commitment leads directly to the cooperative behaviors that are vital for long-term, mutually

beneficial relationships. Most conceptions of organizational commitment incorporate three attitudinal dimensions:

- 1) Affective commitment (employees who are committed to their organization because they want to be);
- 2) Continuance commitment (employees who are committed to their organization because they need to be; that is, they have few alternatives); and
- 3) Normative commitment (employees who are committed to their organization because they feel they ought to be) (Furtmueller *et al.*, 2011)

2.19 Role of Front End Employee in Service Organizations

It is widely held that a customer-orientated firm is more likely to deliver exceptional service quality and create satisfied customers” (Hartline *et al.*, 1996). This traditional path suggests that customer orientation leads to greater satisfaction with the service, which leads to greater loyalty. Numerous authors have highlighted the key role of contact personnel (e.g. service employees, salespeople) in the success of service organizations (e.g. Parasuraman *et al.*, 1985; Crosby *et al.*, 1987). Successful outcomes for the service organization, such as customer satisfaction, loyalty, and positive word-of-mouth can be significantly influenced by the personal interactions of service employees and customers (Thurau *et al.*, 2002).

The goals of a relationship marketing strategy are to get and keep valuable customers. Just to maintain one’s block of business it is necessary to generate new customers because some existing customers will be lost. In services, word-of-mouth (WOM) frequently has a significant impact, both positively and negatively, on the acquisition of new customers (Gronroos, 1984; Parasuraman *et al.* 1985, 1988, 1991; Surprenant *et al.*, 1987; Westbrook, 1987; Reingen, 1987; Czepiel *et al.*, 1987; Czepiel, 1990; Herr *et al.*, 1991; Murray, 1991; Gremler, 1994; Price *et al.*, 1995; Gremler *et al.*, 1996, 2000, 2001; Ettenson *et al.*, 1997; Heskett *et al.*, 1997; Anderson, 1998; Gilly *et al.*, 1998; Money *et al.*, 1998; Colgate *et al.*, 1999; Sande, 2000; Gremler *et al.*, 2001; Seth *et al.*, 2005). Thurau *et al.* (2002) suggest loyalty and WOM are two key service relationship outcomes. Considering the importance of WOM in services, most service providers have done little to implement specific strategies to foster WOM (Gremler *et al.*, 2001). Most have assumed that

satisfaction with the service alone drives WOM, but research suggests that satisfaction may not be enough to generate positive WOM (Gremler *et al.*, 1996; Reynolds *et al.*, 1999). Gremler *et al.* (2001) suggest, and offer empirical support, that the interpersonal relationship between contact employees and customers can help foster WOM communication. The relationship quality model (Crosby *et al.*, 1990) provides a theoretical framework for linking service relationships to organizational outcomes. This theory is based on the premise that the customer's evaluation of the interpersonal relationship with the contact person has a significant impact on the customer's continued utilization of the service. A second body of research focusing on customer orientation also recognizes the key role of contact personnel in customer interactions (Macintosh, 2007).

Front end employees are the main vehicle for communicating with customers and are to a large extent the actual mechanism through which the organization expresses its business orientation toward its customers (Beaverland, 2001). Customer orientation involves practicing the modern marketing concept at the individual level (Saxe *et al.*, 1982), which should foster long-term relationships with customers (Anderson, 1996) based on customer-driven value creation (Jolson, 1997). While it is generally believed that customer orientation should foster stronger relationships, and that relationship quality is an indicator of a stronger relationship, little empirical research has been conducted to examine the link between these two important constructs. Crosby *et al.* (1990) define relationship quality as a higher-order construct, consisting of at least two key related, but distinct dimensions viz. *trust* and *satisfaction*.

Thurau *et al.* (1997) definition of relationship quality focuses on the degree of appropriateness of a relationship to fulfill the needs of the customer associated with the relationship. Therefore, relationship quality captures the positive/negative nature of a relationship, which in turn provides positive benefits to the customer. Almost all subsequent relationship quality researchers have adopted trust and satisfaction as key dimensions. However, many have also conceptualized more dimensions including customer orientation (Palmer *et al.*, 1994; Dorsch *et al.*, 1998), expertise (Palmer *et al.*, 1994), conflict, willingness to invest, and expectation of continuance (Kumar *et al.*, 1995), opportunism (Dorsch *et al.*, 1998), cooperative norms (Baker *et al.*, 1999a) and commitment to the firm (Kumar *et al.*, 1995). Two recent reviews

have attempted to assess this somewhat long list of possible dimensions. Roberts *et al.* (2003) suggest that many of the dimensions examined can be eliminated either because they are antecedents or because they lack empirical support. They advocate a four-dimension conceptualization of relationship quality consisting of trust, satisfaction, commitment, and affective conflict.

Thurau *et al.* (2002) conducted a similar review of the literature and conclude that the core dimensions of relationship quality are *satisfaction, trust, and commitment*. Therefore, it seems that these three related constructs have stood the test of time and scrutiny. However, there is a considerable amount of empirical research that indicates that trust (e.g. Morgan *et al.*, 1994) and satisfaction are antecedents of commitment (e.g. Macintosh *et al.*, 1997). In fact, Thurau *et al.* (2002) model trust and satisfaction as antecedents of commitment. Therefore, since trust and satisfaction are the key drivers of commitment, we argue that they are the true core of relationship quality, as it is unlikely that commitment would arise in the absence of trust and/or satisfaction. So for the purpose of this study, we focus on the original key dimensions of trust and satisfaction with the contact person, as proposed by Crosby *et al.* (1990). Relationship quality is conceptualized as the customer's assessment of the interpersonal relationship with the contact person. This conceptualization draws a distinction between relationship quality and the individual characteristics (e.g. expertise) and behavior (e.g. customer orientation) of contact person that might contribute to relationship quality. In addition, it draws a distinction between relationship quality (individual-level) and outcomes at the organizational level (satisfaction with the firm, loyalty to the firm, and word-of-mouth regarding the firm). Research on marketing relationships has shown the importance of differentiating between individual-level and firm-level variables (Iacobucci *et al.*, 1996; Macintosh *et al.*, 1997; Sirdeshmukh *et al.*, 2002; Ward *et al.*, 2007).

In services marketing, the behaviour of front end employees i.e. employees who interact personally with the customer as part of the service encounter, plays a central role with regard to a customer's perception of satisfaction and service quality (e.g. Bowen *et al.*, 1985; Bitner *et al.*, 1990; Sergeant *et al.*, 2000; Thuraio *et al.*, 2003; Thuraio, 2004). As a consequence, the customer orientation of service employees can be expected to strongly influence a service firm's business

performance via the development of lasting customer-employee relationships (Bove *et al.*, 2000). However, the literature on the customer orientation of employees in the area of services is, to put it mildly, underdeveloped. In addition to the absence of a widely agreed definition of service employee customer orientation, no comprehensive conceptualization of the construct, its dimensions and its determinants has yet been developed.

2.20 Customer Orientation of Service Employees (COSE): Research Gap

The service encounter is an important component of the service quality construct (Raajpoot, 2004; Imrie *et al.*, 2002) and involves critical moments of truth where customers often develop indelible impressions of the firm (Bitner *et al.*, 2000). Yet, there has been little effort to conceptualize and assess the behavioral aspects of encounters (Malhotra *et al.*, 1994). Previous research seeking to explain customer satisfaction has primarily focused on the customer expectation-disconfirmation paradigm, while for the most part overlooking the interaction between the customer and the provider in determining customer satisfaction (Bianchi, 2001; Oliver, 1993; Kong *et al.*, 2007). Marketing theorists have long argued that firms that focus on their customer's needs are better positioned to achieve long-term success than companies that do not (Deshpande *et al.*, 1993; Kotler, 2000). Indeed, empirical research has demonstrated several positive outcomes of market orientation, enhanced profitability (Narver *et al.*, 1990), employee commitment, and *esprit de corps* (Jaworski *et al.*, 1993). Implementation of this marketing concept in service firms is accomplished through service employees and their interaction with customers (Donavan *et al.*, 2004). As a result of the intangible and interactive nature of services, customers often rely on the behavior of service employees when judging the quality of a service. Zeithaml *et al.*, (1990) argue that appropriately skilled and trained service workers are essential to service delivery at Gap 3 of their Gap Model as well (Varca, 2004). Consequently, the employee level of customer orientation is considered an important leverage for a service firm's economic success (Bitner *et al.*, 1990; Sergeant *et al.*, 2000; Thurau, 2004; Bove *et al.*, 2006; Hanzaee *et al.*, 2011).

It is well established among marketing theorists that firms which focus their activities on the needs of their customers, i.e. behave in a customer-oriented way,

perform better than those companies that do not (Donavan *et al.*, 2004). The studies by Narver *et al.* (1990) and Jaworski *et al.* (1993) empirically substantiate the economic potential of a firm's customer orientation. At the same time, much less research has looked into the concept of overall firm customer orientation and analyzed what customer orientation means in terms of processes, policies, and employees. Because of the intangible nature of services and their high level of customer interaction and integration, customer orientation can be expected to play a crucial role in terms of economic success for service companies. In addition to researchers who have analyzed the role of service employees as a dimension of service quality (e.g. Parasuraman *et al.*, 1988; Dabholkar *et al.*, 2000), studies that explicitly address the concept of customer orientation of service employees are those by Kelley (1992), Brown *et al.* (2002), Donovan *et al.* (2004), and Thureau *et al.*, (2003).

In the context of service quality research, it has been demonstrated that the behaviour of service employees affects the customers' perception of the service (Bitner *et al.*, 1990). Specifically, researchers have identified employee-related aspects of the service as dimensions of the customer's service quality assessment. For example, three out of five service quality dimensions of Parasuraman *et al.*'s (1988) SERVQUAL measure directly or indirectly address the behaviour of employees (i.e. responsiveness, assurance, and empathy). Similarly, Dabholkar *et al.* (2000) identify personal attention and comfort as provided by a provider's employees as components of service quality. However, as the service quality construct represents a customer-sided view, it is a natural consequence that none of these authors uses a company perspective when modeling the different facets of employee behaviour that impact service quality. Therefore, a service provider gains only limited information on the managerial action that is needed to select and train their service employees.

Kelley (1992) was among the first researchers to study the construct of COSE. Building on the premise that the customer orientation of a service firm's frontline employees is crucial for business success, he proposed and empirically tested a conceptual framework of COSE determinants, including organizational constructs such as organizational climate and socialization, as well as personal constructs

such as motivational effort and direction. Brown *et al.* (2002) defined COSE as an “individual’s tendency or predisposition to meet customer needs in an on-the-job context” and conceptualize it as two-dimensional. According to their thinking, COSE is composed of:

- a needs dimension which covers the employee’s belief that he or she can fulfill customers’ wishes; and
- an enjoyment dimension which represents the extent to which the employee enjoys interactions with customers.

However, the authors list no arguments supporting the two-dimensional structure of COSE, but only refer somewhat vaguely to the work of Saxe *et al.* (1982) and “discussions with practitioners in the banking and hospitality industries”. The focus of their study was on the intra-personal determinants of COSE and especially the impact of different personality traits on COSE, and on the role of COSE for intra-organizational performance ratings (Thurao *et al.*, 2003; Thurao, 2004).

Donavan *et al.* (2004) developed on the findings of Brown *et al.* (2002) and adopted their definition of COSE. As with this study, their interest was in the consequences of COSE, but while this study analyzes the impact of COSE on the consumer and also looks for the determinants by studying the employee perspective, Donovan *et al.* (2004) applied an intra-organizational perspective and consequently considered the employee’s organizational commitment and job satisfaction as outcome variables of their structural model. In contrast to Brown *et al.* (2002), they argued that COSE consists of five dimensions, namely, “need to pamper”, “need to read the customer”, “need for personal relationship”, “need to deliver”, and “need to communicate”. This structure was derived from “qualitative data from service managers, employees, and consumer”, with no in-depth information on the process of the derivation of the dimensional structure provided. When applying a second-order confirmatory factor analysis, the “need to communicate” dimension was not found to load strongly on the second-order factor.

Thurao *et al.* (2003) define COSE as the employee’s behaviour in person-to-person interactions and suggest a three-dimensional conceptualization of COSE. Their

approach is based on the requirements that must be met by service employees to satisfy consumers' needs during employee-consumer interaction processes. Drawing on the work of the German social psychologist Rosenstiel (1988), who distinguishes between "individual knowledge", "personal willingness", and "social allowance" as prerequisites for employees' general behaviour, Thureau *et al.*, (2003) introduced three new COSE dimensions, entitled:

- an employee's customer oriented skills;
- his or her motivation to serve customers; and
- his or her self-perceived decision-making authority.



In contrast to previous work in this field, this approach is of a deductive kind as, according to Thureau *et al.* (2003), an employee can only behave in a fully customer-oriented sense if all dimensions exist, i.e. he or she is motivated, competent, and allowed to treat customers according to their requirements. Despite the plausibility of this approach, the authors neither provide empirical support for the dimension's discriminant validity nor discuss the impact of these dimensions on employees' or consumer's behaviour. Later Thureau (2004) conceptualized a model and also empirically tested the same in Germany for travelling agencies and CD and book retailers by filling up an online questionnaire but not with respect to telecom industry. Hanzae *et al.* (2011) also tested the model of Thureau (2004) on Islamic banking in Iran.

Keeping the scorching pace of growth of Indian telecom industry in mind, there is a need to study the factors that lead to customer satisfaction and customer retention. In the context of service industry it is not enough if the product meets the functional requirements of the customer, it should also meet certain other customer expectations like the behaviour/attitude of the person who provides service. Customer satisfaction is the combination of both technical features & human behavioural aspects (Ravishankar, 2006). Unlike other services, in telecom services, the interaction between customer and front end employee is very complex. Customer has to contact front end service employee right from sales, installation, product usage to service failure, recovery, billing and billing errors. Even for gathering information about the new offerings, switching products, customer has to be in continuous contact with his telecom service operator.

Although switching is a common scenario in most service industries (Griffin *et al.*, 2001), it is more prevalent in telecommunication services (Lee *et al.*, 2005, Habib *et al.*, 2011). After the implementation of Mobile Number Portability (MNP) in India, customer can change his operator keeping his mobile number^{*}, so customer has to be in continuous contact with his telecom service operators and even with competitors so as to make better choice in respect of tariffs, service quality, reach of the network etc.

In the light of the above, the present study attempts to explore the differences between employees of public and private telecom service provider with respect to various dimensions of COSE so as to understand whether the employees of telecom companies, who serve as a touch point vis-à-vis the customers, are geared to meet the challenge. An attempt has also been made to study the differences between customers of public and private telecom service provider with respect to customer satisfaction, customer commitment and retention and dimensions of COSE. It is expected that the findings of the study, apart from adding to the scant literature on the subject, will provide valuable inputs to marketing and telecommunication professionals enabling them to dovetail marketing strategies as also appropriately segment the market.

2.21 Summary

Customer orientation is depicted as the implementation of the marketing concept (Saxe *et al.*, 1982), the customer-oriented behaviors of marketing personnel become the activities through which relationships can be nurtured and managed (Dunlap *et al.*, 1988; Crosby *et al.*, 1990; Webster, 1992). Customer orientation is described as a philosophy and behavior directed toward determining and understanding the needs of the target customer and adapting the selling organization's response in order to satisfy those needs better than the competition, thereby creating a competitive

^{*} As per the data reported by the service providers, by the end of October 2011 about 23 million subscribers submitted their requests to different service providers for porting their mobile number. This shows that many customers are dissatisfied with their current operator and want to change their operator (Telecom Regulatory Authority of India, 2011).

advantage (Saxe *et al.*, 1982; Marquardt, 1989; Williams *et al.*, 1990). Marketing scholars have explored the nature of customer orientation at the level of the individual salesperson as well as at the level of the organization. These research studies have found positive associations with outcomes such as profitability, market share, salesperson performance, job satisfaction, organizational commitment and turnover intentions (e.g. Narver *et al.*, 1990; Reichheld *et al.*, 1990; O'Hara *et al.*, 1991; Kelley, 1992; Deshpande *et al.*, 1993; Jaworski *et al.*, 1993; Siguaw *et al.*, 1994b).

More specific and relevant to this current study, Saxe *et al.* (1982) supported customer orientation's positive association between relational variables (e.g. the likelihood of follow-on orders, cooperation, trust, and lack of conflict). Similarly, findings from Dunlap *et al.*'s (1988) study evidenced a positive relationship between customer orientation and customer satisfaction. Nevertheless, there is little theoretically based research specifically investigating the association between customer orientation and the development of buyer-seller relationships. Theoretical justification for the customer-oriented behavior of salespeople positively impacting the development of buyer-seller relationships stems from the communication expectancies of social exchange theory (Heider, 1958; Homans, 1961) and relational communications theory (Capella *et al.*, 1982; Soldow *et al.*, 1984; Alloy *et al.*, 1984; Capella *et al.*, 1990). It is widely held that a customer-orientated firm is more likely to deliver exceptional service quality and create satisfied customers" (Hartline *et al.*, 2000). This traditional path suggests that customer orientation leads to greater satisfaction with the service, which leads to greater loyalty. Numerous authors have highlighted the key role of contact personnel (e.g. service employees, salespeople) in the success of service organizations (e.g. Parasuraman *et al.*, 1985; Crosby *et al.*, 1987). Successful outcomes for the service organization, such as customer satisfaction, loyalty, and positive word-of-mouth can be significantly influenced by the personal interactions of service employees and customers (Thurau *et al.*, 2002; Hanzae *et al.*, 2011).

CHAPTER 3: CONCEPTUALIZATION OF STUDY MODELS

3.0 Introduction

This chapter proposes a conceptualization of service employee customer orientation (COSE) for the study, which is presented as a four dimensional construct, the dimensions being the employee's motivation to serve customers, his customer-oriented social skills and technical skills, and his or her self-perceived decision-making authority. Theoretical framework for present study follows the line suggested by Thureau *et al.* (2003), Thureau (2004) and Hanzae *et al.* (2011). It is to be noted that employee and customer perspectives with respect to COSE, though conceptualised, have till date not been empirically tested especially in the context of telecommunication industry. As far as employee perspective is concerned, the researcher has also included determinants of COSE suggested by other previous researchers (Boshoff *et al.*, 1996; Caruana *et al.*, 1998; Allred, 2001; Thureau *et al.*, 2003; Yavas *et al.*, 2003; Malhotra *et al.*, 2004; Huang *et al.*, 2006; Lee *et al.*, 2006). For gaining insight into employee perspective, the various determinants of COSE have also been discussed and hence two models viz. customer perspective and employee perspective have been proposed. Implications are drawn out for relationship marketing of services organizations and relationship marketing theory. Further, the research hypotheses considered for the study have been stated.

3.1 Theoretical Framework of the Study

A theoretical framework is defined as a collection of theories and models from the literature which underpins a positivistic research study (Hussey *et al.*, 1997). In other words, it is a conceptual model of how the researcher theorises or makes logical sense of the relationships among the several factors that have been

identified as important to the problem. Developing such a conceptual framework helps us to postulate or hypothesise and test certain relationships and thus to improve our understanding of the dynamics of the situation. In total, the theoretical framework discusses the interrelationships among the variables that are considered important to the study. It is essential to understand what a variable means and what the different types of variable are. After the theoretical framework has been formulated, then testable hypotheses can be developed to examine whether the theory formulated is valid or not (Sekaran, 2003). So, the theoretical framework may be referred to as a conceptual framework or as the research model.

Taylor *et al.* (1995b) have suggested that models should be evaluated in terms of both parsimony and their contribution to understanding. Keeping the same in mind, present study aims at generating models for the employee and customer perspective of COSE that could contribute to practical applications and help in better understanding of the linkages between the variables considered for the study.

From the methodological point of view, in a longitudinal study, data on the dependent variable is gathered at two or more points in time (Sekaran, 2003) while in a cross-sectional study, as the present one, data are gathered just once, perhaps over a period of days or weeks or months. It is expected that the proposed research models could be of help to marketers and practitioners in taking effective steps to improve customer satisfaction, perceived service quality, customer commitment and retention thus ultimately revenue and profitability.

Taking into account the crucial role of personnel for service organizations, the study focuses on the concept of customer orientation of service employees (COSE). COSE is defined as the behaviour of service employees when serving the needs and wishes of existing and prospective customers. Behaviour is preferred to culture, as the latter, though often a powerful contributor to customer-oriented behaviour, is by no means a requirement for such behaviour nor sufficient in itself to drive this behaviour (Thurao *et al.*, 2003; Thurao, 2004; Hanzae *et al.*, 2011). In contrast, behaviour is what makes customers satisfied and what ultimately determines a perception of high service quality.

3.2 Conceptualization of Customer-Oriented Behaviour of Service Employees (COSE)

Customer-oriented behaviour of service employees (COSE) is conceptualized here as a four dimensional construct, where the dimensions are an employee's motivation to fulfil customer needs, the technical and social skills an employee needs to fulfil customer needs, and the employee's freedom or authority (as perceived by the employee themselves) to make decisions relevant to the fulfilment of customer needs and wishes. This conceptualization is based on the consideration that for an employee to behave in a customer-oriented way (i.e. to fulfil the customer's service-related expectations), all four dimensions must be expressed to a considerable degree. For example, if a highly motivated and skilled service employee feels that she or he is not authorized to behave in a customer-oriented way, then his or her customers will not perceive the service encounter as customer-oriented. It should be noted that the actual degree of expression of each dimension needed in a specific service encounter (in order to produce customer-oriented behaviour) is strongly dependent on contextual factors too.

The four dimensions under consideration i.e. motivation, technical skill, social skill, and self-perceived authority, for the purpose of this study, have been treated as independent (Thurao, 2004; Hanzaee *et al.* 2011) rather than interrelated (Thurao *et al.*, 2003). Therefore, the extent of COSE is determined by the strength of each single dimension. All four dimensions are influenced by several other constructs included in the model as determinants of COSE. Although there is good reason to believe that relationships also exist between at least some of these COSE determinants such as between role conflict and job satisfaction (Hartline *et al.*, 1996), these possible inter-determinant relationships are excluded from the analysis in order to limit the latter's complexity. Thus, the dimensions of COSE taken into consideration for the proposed model in this study are *motivation, technical skill, social skill, and decision making authority.*

3.2.1 Motivation: The employee's motivation to behave in a customer-oriented way is seen as a fundamental behavioural construct driving behaviour (Oliver, 1974). Building on Vroom's (1967) process model of motivation, we distinguish between three components. A service employee's motivation is seen as the product of:

- the employee's valence of the consequences of customer-oriented service behaviour,

- his or her assessment of the probability that he or she is able to produce the required outcome (i.e. instrumentality), and
- the worker's assessment of the probability of being rewarded when reaching the required outcome (i.e. expectancy).

The valence component of this conceptualization of motivation represents the employee's subjective assessment of his or her work activity, and is based on both intrinsic and extrinsic incentives associated with goal achievement. The concept of motivation to behave in a customer-oriented way requires the existence of all three components, as non-compensatory inter-component relationships are expected to exist between the three. If an employee is not attracted by the idea of serving customers or the related consequences (e.g. pay, employee of the month award), then he or she will probably not engage in customer-oriented behaviour, even if there is a realistic chance of performing well and receiving monetary or non-monetary rewards (Gwinner, 2005).

3.2.2 Technical and Social Skills: Two basic kinds of customer-orientation skills can be distinguished viz. technical skills and social skills. Though Thurnau *et al.* (2003) represented skill dimension as one with two parts (social skill and technical skill) but Thurnau (2004) further proposed that the employee's social skills and technical skills represent separate dimensions of COSE.

The employee's *technical skills* refer to the knowledge and those technical or motor skills which a service employee must possess in order to fulfil the customer's needs during the personal interaction process (Argyle, 1967). Such technical skills are essential for customer need fulfilment as the urgent characteristic of service encounters requires the employee to respond instantly to the customer instead of relying on data in knowledge databases, etc.

The *social skills* of the employee are crucial for customer-oriented behaviour (Thurnau *et al.*, 1999). Social skills basically involve the service employee engaging in perspective taking (e.g., Mead, 1934). Perspective taking means that when it comes to developing adequate solutions for a customer's needs or problems, the employee is able to take on that customer's perspective. Perspective taking has a visual-physical dimension (i.e. understanding what the customer sees and perceives), a cognitive dimension (i.e. understanding how the customer thinks), and an affective or empathetic dimension (i.e. understanding the customer's feelings).

In telecom sector also, the technical skill is very much required to sort out the technical faults in customer's line or service. The concept of social skills focuses on the service employee's ability to take the customer's perspective during interactions (e.g., Mead, 1934; Flavell *et al.*, 1968). Specifically, such perspective taking can take place visually (i.e. the employee understands what the consumer sees and perceives), cognitively (i.e. the employee understands what the consumer thinks), and emotionally (i.e. the employee understands what the consumer feels (Flavell *et al.*, 1968). All of these three facets enable the employee to understand the consumer's needs and are therefore considered necessary for need fulfilment.

The situation occurs in telecom companies during the interaction between the service employee and customer at the Customer Service Centre, when customers enquire for suggesting alternatives to satisfy his requirements. Therefore social skills were modelled separately from technical skills to reflect adequately the different theoretical origins and streams of research these two concepts are based on (Thurao, 2004). While technical skills are mainly discussed in the context of work psychology and technical ability, social skills and empathy are most intensively discussed in the educational research context. An employee's social and technical skills can be similarly high (or low), but that an employee who possesses a high level of social skills must not necessarily have the knowledge or technical skill that is required to sort out the technical fault in the customer services and perform in a customer-oriented way (Thurao, 2004).

3.2.3 Decision Making Authority: In addition to motivation, technical skill, social skill a fourth dimension of the COSE construct is the employee's self-perceived authority to act in a customer-oriented manner. If an employee has the ability and motivation required to perform in a customer-oriented way, but feels that he or she does not have the legitimization to do so, then his or her behaviour will not be perceived as truly customer oriented by the customer (Thurao, 2004). Self-perceived authority in service people can be understood as the degree of decision-making autonomy a service employee believes he or she has when it comes to dealing with customer issues. The concept of self-perceived authority is connected to the concept of empowerment, which has been discussed quite intensively in the service literature (e.g., Bowen *et al.*, 1995; Spreitzer, 1995). However, although some authors limit empowerment to the authorization of employees (e.g. Conger *et al.*, 1988; Rafiq *et al.*, 1998), the concept is mostly understood in a much broader sense, covering other issues, such as motivation (e.g., VanLooy *et al.*, 1998).

The concept of self-perceived authority is closely-related to, but distinct from, formal or "objective" authority given to an employee by his or her supervisor. The employee's behaviour is based on his or her own perception and evaluation of "formal authorization", rather than on the formal authority itself. It is the degree of authority used by the employee that ultimately determines customer orientation.

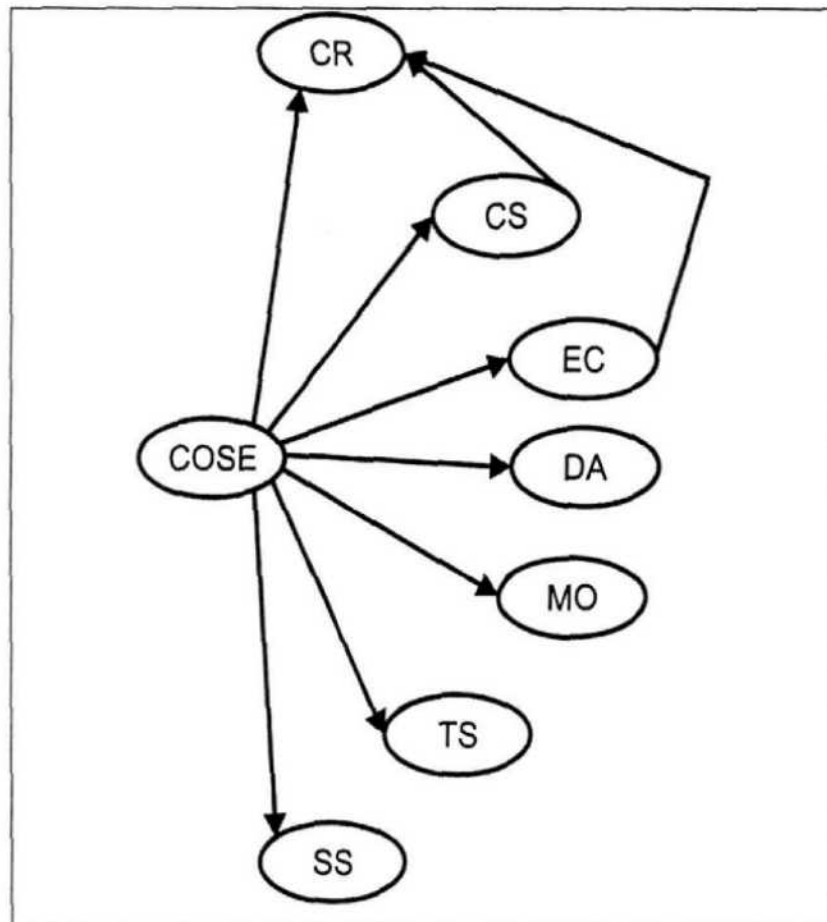
Consequently, COSE is considered a four-dimensional construct with technical skills, social skills, motivation, and decision-making authority as dimensions. This conceptualization implies that discriminant validity exists between the COSE dimensions (Fornell *et al.*, 1981), with the dimensions all correlating significantly with the overall construct of COSE.

3.3 Hypothesizing COSE from Customer Perspective

On modelling the consequences of COSE on key outcome constructs of service firms, it is assumed that the four COSE dimensions exert an identical directional

impact on the outcome constructs. In the conceptual model shown in Figure 3.1, technical skills, social skills, motivation, and decision-making authority are interpreted as second-order factors that impact customer satisfaction, commitment, and customer retention.

Fig. 3.1: Conceptual Model of COSE (Customer Perspective)



Building long-term relationships with customers is considered an essential precondition for the economic survival and success of most service firms today (e.g. Heskett *et al.*, 1994; Berry, 1995). This crucial role of customer retention stems from the increasing costs of acquiring new customers in highly competitive markets and the cost-reducing potential associated with long-term relationships. It is assumed here that COSE bears the potential significantly to influence a service firm's retention rate and therefore the firm's economic success. We distinguish between a direct impact of COSE on customer retention and an indirect impact, with the latter being mediated through customer satisfaction and commitment.

Customer satisfaction is defined as an “overall evaluation of a firm’s products [or services]” (Anderson et al., 1997, p. 130). In the marketing literature, satisfaction has been established as a major antecedent of customer retention (Czepiel et al., 1985; Zeithaml et al., 1988; Czepiel, 1990; Klaus, 1995; Price et al., 1995; Hartline et al., 1996; Szymanski et al., 2001; Varca, 2004; Guchait et al., 2011). In the context of relationship marketing, satisfaction is conceptualized as an element of the relationship quality concept (Crosby et al., 1990; Thurnau et al., 1997). Drawing from the disconfirmation paradigm of customer satisfaction (e.g. Oliver, 1993), it was postulated that customers have expectations with regard to the behaviour of service employees in interaction situations and that, when these are exceeded, the level of customer satisfaction with the service provider is positively influenced. Several empirical studies show that it is impossible to maintain a satisfied and committed customer base without satisfied and committed employees (Thurnau et al., 2003; Thurnau, 2004; Hanzae et al., 2011). About 90 years ago, Strong (1925) emphasized that personal selling strategies should be directed toward securing customer satisfaction as well as purchase orders (Saxe et al., 1982). The links between customer and employee variable have also been depicted by Heskett et al. (1997) within a framework termed “the service profit chain” or “employee-customer profit chain” (Vilares et al., 2003). Research focused on the customer–organization interface invariably incorporates the service provider as a key component (e.g. Czepiel et al., 1985; Zeithaml et al., 1988; Czepiel, 1990; Klaus, 1995; Price et al., 1995; Hartline et al., 1996; Varca, 2004). The employee satisfaction is important factor for increasing job satisfaction and service quality (Antoncic et al., 2011). Any employee who comes in direct or indirect contact with a customer influences CS, customer perceived quality and revenues (Solnet, 2006). The following hypothesis reflects the above:

H_{CI}: Customer orientation of service employees has a positive influence on customer satisfaction.

While the construct of customer satisfaction focuses on the services and products delivered by the firm, service research has demonstrated that the development of long-term relationships is also influenced by social aspects (Goodwin et al., 1996). Most importantly, the customer may stay with a certain service provider not because of superiority of performance, but because of the commitment he or she

has developed to the service provider and its employees, that can be characterized by elements of emotionality and friendship (Gwinner *et al.*, 1998; Garbarino *et al.*, 1999; Price *et al.*, 1999). In the case of services, such an emotional commitment is based predominantly on the customer's personal familiarity with and affinity to single service employees. Consequently, we presume that the employees' handling of interactions with customers strongly influences the level of commitment a customer develops toward a service provider (Thurau *et al.*, 2002; Thura0 2004; Hanzae *et al.* 2011). Following hypothesis were framed on the basis of the above:

H_{C2}: Customer orientation of service employees has a positive influence on emotional commitment.

In addition to the impact of COSE on satisfaction and emotional commitment, Thurau (2004) also postulated COSE to influence customer retention directly. This direct impact can be argued to exist for two reasons. First, consumers can be expected to return to a service firm where they encountered a high level of COSE because they like the employees and "feel good" about this specific service provider, so that there is no need to switch to a different provider. Second, the customer's behavioural reaction can also be mediated by the customer's trust in the service provider when employees are considered as trustworthy by customers and this judgment is transferred to the service firm in general (e.g. Sirdeshmukh *et al.*, 2002).

There is abundant evidence that, in assessing service delivery, customers attach importance to their personal interactions with service employees. The role of emotions in service delivery has been examined in sufficient detail (Lin *et al.*, 2011). The study by Brown *et al.* (2002) shows, that COSE has an important role in determining the quality of retail customer service evaluation (Jayawardhena *et al.*, 2011). In some research, the concept of the "*part-time marketer*" (Gummesson, 1991, p60) suggest that because of the nature of service encounter, all customer-contact employees are, in fact marketers (Solnet, 2006).

For reasons of completeness, a positive direct impact on customer retention is also postulated for customer satisfaction and emotional commitment. In the case of satisfaction, it is argued that a service encounter which fulfils the customer's expectations positively influences the customer's evaluation of the firm in general

– the customer expects similarly beneficial treatment the next time he or she makes use of the respective service (Crosby *et al.*, 1990). Similarly, a consumer values interacting with a partner they feel affectively committed to and tend to prefer such a partner to an alternative to whom they feel no affective commitment (Morgan *et al.*, 1994).

Commitment is considered to be of critical importance in organizational buying behavior and, it leads to important outcomes, and higher motivation among. Commitment is positively related to loyalty and repeated purchases (Chumpitaz *et al.*, 2004). A customer is committed to a service provider, for example, because the provider has proven to be trustworthy and able to offer solutions that successfully support the value generating process of the customer. Thus, to achieve emotional commitment, a company strategy must be customer centered, long-term, and be based on mutual benefits. Long-term business should increase between two parties (Kassim *et al.*, 2006). For reasons of completeness, a positive direct impact on customer retention is also postulated for customer satisfaction and emotional commitment. In the case of satisfaction, it is argued that a service encounter which fulfils the customer's expectations positively influences the customer's evaluation of the firm. The customer expects similarly beneficial treatment the next time he or she makes use of the respective service (Crosby *et al.*, 1990). Similarly, a consumer values interaction with a partner that they feel is committed. Consumers tend to prefer such a partner over an alternative to whom they feel no affective commitment (Morgan *et al.*, 1994; Hanzaee *et al.*, 2011).

For many years customer satisfaction has been a major goal of business organizations, since it has been deemed to affect customer retention and a company's market share (Hansemark *et al.*, 2004). McNaughton *et al.* (2001, p.991) stated, "*marketing orientation theory, no matter the sector in which it is applied, focused on the process whereby marketing orientation created value*". Value created through marketing orientation and relationship enablers can facilitates an atmosphere that causes customer to stay (Trasorras *et al.*, 2009). Ranaweera *et al.* (2003, p.82) added, "*It is a held belief that the more satisfied the customers are, the greater is their retention*". Fecikova (2004) believes that the key to organizational survival is the retention of satisfied internal and external customers. She proposed measuring satisfaction to manage it effectively (Trasorras *et al.*, 2009). Similarly,

Anderson *et al.* (1993) found that stated repurchase intentions are strongly related to stated satisfaction across product and service category. Researchers in the professional services tend to remain with the same provider if continually satisfied (Chumpitaz *et al.*, 2004).

Accordingly, the hypotheses are as follows:

H_{C3}: Customer orientation of service employees has a positive direct influence on customer retention.

H_{C4}: Customer satisfaction has a positive direct influence on customer retention.

H_{C5}: Emotional commitment has a positive direct influence on customer retention.

Based on the above theory and conceptualized model, the following hypotheses have also been considered and empirically tested:

H_{C6}: Customer orientation of service employee has a direct and positive influence on motivation.

H_{C7}: Customer orientation of service employee has a direct and positive influence on perceived decision making authority.

H_{C8}: Customer orientation of service employee has a direct and positive influence on technical skills.

H_{C9}: Customer orientation of service employee has a direct and positive influence on social skills.

3.4 Hypothesizing COSE from Employee Perspective

The intensity of an employee's motivation to behave in a customer-oriented manner is determined by several constructs which have been discussed in the extant literature (Vroom, 1967; Hackman *et al.* 1976; McClintock, 1977; Steers *et al.* 1979; Thomas *et al.* 1990). All of them have been taken into consideration in this study keeping in mind the fact that no definite determinants have been previously studied or empirically tested with respect to the telecom service industry. Later, on the basis of pilot survey and discussion with the subject experts and factor analysis results, appropriate decision would be taken with respect to

determinants and items with unsatisfactory loadings. The determinants considered for motivation are listed below:

- Role Ambiguity
- Management Expectation
- Role Conflict
- Job Satisfaction
- Perceived Fairness
- Organizational Commitment
- Management Commitment to Service quality
- External Equity
- Employee's Role
- Extra Role Customer service
- Work Standard
- Reward

The above constructs in the context of employee's motivation to behave in a customer-oriented are briefly discussed below.

3.4.1 Role Ambiguity and Management Expectations: Role ambiguity means that the employee has only a vague understanding of what is expected of him or her (Kohli, 1985; King, 1990; Singh, 1993; Reisel, 1997; Boshoff *et al.*, 2000; Knight *et al.*, 2007). A lack of understanding about job responsibilities and knowing what is expected in terms of one's job performance is identified as role ambiguity (Rizzo *et al.*, 1970) or a lack of role clarity (Shepherd *et al.*, 1994). Employees who experience role ambiguity tend to perform at lower levels (Bhuyan *et al.*, 2005) than employees who have a clear understanding of job requirements and what is expected of them (Dubinsky *et al.*, 1984; Babin *et al.*, 1998). Experiencing role ambiguity can constrain customer-orientated behavior and, ultimately, profitability (Flaherty *et al.*, 1999). In a study of retail salespeople, Wetzels *et al.*, (2000) found that role ambiguity and a commitment to delivering service quality were negatively related. It seems logical to assume that if salespeople lack an understanding about their authority, job responsibilities, or manner in which their job will be evaluated, their motivation to engage in customer-oriented behavior would be diminished. Clarity of information regarding both the employee's role and management's expectations with regard to the handling of customer requests and problems increases the employee's perception that he or she is able to perform up to expectations (i.e. the instrumentality component of motivation)(Thurao *et al.*, 2003). Role clarity can also be expected to have a positive impact on the valence component of the employee's motivation (Singh, 1993).

3.4.2 Role Conflict: Trying to meet the demands of two or more groups (i.e. customers and managers) at the same time can result in role conflict (Rizzo *et al.*, 1970; Knight *et al.*, 2007). An important consequence of role conflict is its effect on job performance. In a study of salespeople representing various industries, Flaherty *et al.*, (1999) found that role conflict was negatively related to customer-oriented selling, a trait associated with increased job performance. Moreover, employees encountering role conflict may experience psychological withdrawal from the job leading to reduced job performance. (Bettencourt *et al.*, 2003). Results of studies investigating the effects of role conflict on job performance, however, have been inconsistent. For example, some researchers (Lusch *et al.*, 1991; Singh, 1998; Bhuian *et al.*, 2005) found that role conflict had a negative effect on job performance, and others (Dubinsky *et al.*, 1992; Babin *et al.*, 1996) observed that role conflict produced a positive effect on job performance. In fact, Singh (1998) suggested that moderate levels of role conflict could stimulate some people to sell and, thus, increase their job performance. Still, most researchers agree that extreme role conflict erodes job performance (Singh *et al.*, 1994). The related concept of role conflict represents the “incompatibility between one or more roles within an employee’s role set, such that fulfilling one role makes fulfilling the others more difficult” (Weatherly *et al.*, 1993). The absence of role conflict will also contribute to an increased valence of customer-oriented behaviour.

3.4.3 Job Satisfaction: Job satisfaction is one of the most intensively-discussed constructs in organizational behaviour theory (Herzberg *et al.*, 1959; Locke, 1969; Smith *et al.*, 1969; Cranny *et al.*, 1992; Fritzsche *et al.*, 2005; Wei-Cheng, 2008; Ali, 2008), and is popularly defined as a “positive emotional state resulting from the appraisal of one’s job as achieving or facilitating the achievement of one’s job values” (Locke, 1969, p. 316). The meaning of job satisfaction varies (Fritzsche *et al.*, 2005), from simply the feelings a worker has about his/her job (Smith *et al.*, 1969) to the following definition: “*an affective reaction to a job, that results from the incumbent’s comparison of actual outcomes with those that are desired*” (Cranny *et al.*, 1992, p. 1). The theoretical framework for most of the research on job satisfaction can be traced to the pioneering work of Herzberg *et al.* (1959). The Herzberg theory has often been linked to that of Maslow’s Theory of Hierarchy of Needs. Briefly, this theory suggests that there are higher-order needs and lower-order needs – motivation and hygiene factors. Motivation factors are intrinsic satisfiers that are associated with higher-order needs such as achievement, recognition, responsibility, advancement, etc. Hygiene factors are extrinsic satisfiers that tend to be associated with lower-order needs such as working conditions, pay, status, etc. The presence of extrinsic satisfiers does not lead to true job satisfaction, but their absence can lead to dissatisfaction (Wei-Cheng, 2008). Graham (1982, p. 68) defined Job satisfaction as “*the measurement of one’s total feelings and attitudes towards one’s job*”. Job satisfaction is the constellation of attitudes about job. Job satisfaction is how employees feel about different aspect of their job. Hoppock (1935, p. 47) defined job satisfaction as “*any combination of psychological, physiological, and environmental circumstances that causes a person truthfully to say, ‘I am satisfied with my job’*” Ali (2008).

3.4.4 Perceived Fairness: A closely related concept is perceived job fairness (or workplace fairness), which is sometimes also seen as a theoretical foundation of satisfaction and which covers the fairness dimensions of internal equity and pay rules, external equity and pay level, job supervision, and work standards (Bettencourt *et al.*, 1997). We postulate that the positive emotional state of job satisfaction influences the valence component of the motivational dimension of COSE, as it supports the intrinsic work valence of the service employee. A result of the employee's perception of job fairness is that the employee is confident that the supervisor will honour his/her efforts in a satisfactory way, and this leads to an increase in the expectation component of motivation.

3.4.5 Organizational Commitment: The construct of a service employee's organizational commitment is understood as this employee's strong belief "*in the organization's goals and values, a willingness to exert considerable effort on behalf of the organization, and a strong desire to remain a member of the organization*" (Mowday *et al.*, 1982, p. 27; Sergeant *et al.*, 2000). Organizational commitment helps an employee to understand his or her own role in the company. This regularly leads to an intensified valence as part of the motivation concept, based on an intrinsic desire to live the firm's values and to contribute to the achievement of the company's customer-oriented goals.

3.4.6 Management Commitment to Service Quality: In contrast to the determinants mentioned above, which focus on cognitive and emotional aspects of the employee, the management commitment to service quality construct (MCSQ) addresses the activities and attitude of the service provider's top management as it relates to the employees' motivations to behave in a customer-oriented way. MCSQ covers such aspects as the conscious selection of quality initiatives, the provision of visible quality leadership, and the placing of resources for adopting and implementing quality initiatives (Hartline *et al.*, 1996). MCSQ is supposed to have an inspirational impact on service employees' intrinsic valence of customer-oriented behaviour, but it may also increase the employees' expectations that they will be rewarded for excellent customer service. Both impacts strengthen the employees' motivation component of COSE.

3.4.7 External Equity and Reward: External equity is the employee's perception of the conditions and rewards of their employment, compared with those of the employees of other firms. While the Reward system or management usually mean the financial reward on organization gives its employees in return for their labour. While the term, reward system, not only includes material rewards, but also non-material rewards. The components of a reward system consist of financial rewards (basic and performance pay) and employee benefits, which together comprise total remuneration. They also include non-financial rewards (recognition, promotion, praise, achievement responsibility and personal growth) and in many case a system of performance management (Chathoth, 2007). Pay arrangements are central to the cultural initiative as they are the most tangible expression of the working relationship between employer and employee. "Reward Management" is concerned with the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization.

3.4.8 Employees Role and Extra Role Customer Service: First, role-prescribed customer service is a service provider's expected behaviour derived from implicit norms in the workplace or from explicit obligations as specified in organizational documents such as job description and performance evaluation forms (Brief *et al.*, 1986). These expected customer services include exhibiting common courtesy, demonstrating accurate knowledge of policies and products, addressing customers by name, and greeting and saying "thank you" to customers (Bettencourt *et al.*, 1997). This behavior also improves customer satisfaction, service quality perception, loyalty, and sales performance (Bitner *et al.*, 1990; George, 1991; Keaveney, 1995). Second, extra-role customer service refers to discretionary behavior of contact employees that extends beyond formal role requirements. This means that contact employees "delight" customers by providing "extra attention," "spontaneous exceptional services," and "little extras" during the service encounter for customer satisfaction and positive emotional responses (Bitner *et al.*, 1990). This includes specific service encounters in which employees go "out of the way" or "beyond the call" for customers (Bettencourt *et al.*, 1997). Extra-role customer service can be functional by providing customers with advantages, but often dysfunctional by inhibiting organizational efficiency (Brief and Motowidlo, 1986; Lee, 2006).

3.4.9 Work Standard: It is generally agreed that use of Work standards – which play an integral role in Total Quality Management (TQM) – can improve the output consistency, efficiency, and learning rate of a given process (Edelson *et al.*, 1998; Imai, 1986; Monden, 1983; Suzaki, 1993). Even champions of exploration, Levinthal *et al.*, (1993) acknowledged the ability of Work standards to facilitate the accumulation and transfer of knowledge acquisition, leading to variability reduction and organizational effectiveness. Efforts to explain the relationship between the requirements that employees follow Work standards in completing a task – which we will refer to as required Work standards use – and worker intrinsic task motivation have, however, resulted in controversy. Work motivation, job design, and creativity literatures have suggested that Work standards use causes a reduction in autonomy, which hypothetically reduces the sense of having experienced responsibility or self-determination in the task, thus reducing intrinsic task motivation and creativity (see Amabile, 1997; Hackman *et al.*, 1976, 1980; Spreitzer, 1995; Thomas *et al.*, 1990). The operations management (OM) literature, however, has suggested increased worker intrinsic motivation and morale under required Work standards use (Imai, 1986; Monden, 1983; Suzaki, 1993) leading to more meaningful working conditions (Monden, 1983). Adler (1993a, 1993b, 1996, 1999) stated that Work standards use could be either controlling or enabling, and proposed that enabling Work standards use could result in increased self-efficacy beliefs (i.e. the conviction that one is capable to achieve a given goal, see Bandura, 1977) on the part of workers. Rao *et al.* (1997) found an increase in workers' sense of empowerment (i.e. intrinsic motivation, see Conger *et al.*, 1988) in companies receiving ISO 9000 series certification, which has as its primary goal that all tasks are documented and performed according to Work standards. Both OM and job design theorists have agreed, however, that the motivational implications of Work standards use are moderated by workers'

ability to participate in Work standards development (e.g. Adler, 1993a, 1993b; Edelson *et al.*, 1998; Hackman *et al.*, 1995; Klein, 1989, 1991).

As with motivation, several variables determine the employee's customer-oriented skills. Identifying these determinants is of great practical importance because of the core implications for increasing these skills in employees. In the following, we focus on three skills determinants, namely the employees' learning orientation and their personality and training.

3.4.10 Learning Orientation: In services marketing, a learning orientation is seen in an employee's continual desire to improve and extend his or her skills and knowledge (Kohli *et al.*, 1998). This learning orientation is reflected in increased efforts by the employee to actively expand his or her existing repertoire of technical and social skills, and thus learn new and better ways of interacting with customers. For example, highly learning-oriented service employees will make more use of training opportunities and will do so with more enthusiasm. This ultimately gives them a higher degree of customer-oriented skills.

3.4.11 Personality: Although no final agreement on the concept of personality has been reached, personality can be defined at a rather basic level as *"the unique organization of factors which characterize an individual and determine his pattern of interaction with the environment"* (Kleinmuntz, 1967, p. 11). In contrast to consumer behaviour, where the predictive validity of personality is largely limited, personality can be thought to play a more important role when it comes to more or less skilled service employees (Bettencourt *et al.*, 2001). This is especially so with social skills, since these are more difficult to acquire than most other skill types. Using a meta-analysis of existing research on personality in the services marketing context, Hurley (1998) identified three basic personality factors: (a) the need for attention and social interaction (extroversion), (b) the need for pleasant and harmonious relations (agreeableness), and (c) the degree to which the world is experienced as threatening and beyond a person's control (adjustment).

3.4.12 Training: In the telecom service firms, in the context of India, a large number of training centres are available which impart technical trainings to their employees regularly (Bharat Sanchar Nigam Limited, 2011).

In the research instrument for employees, it was thought proper to include items related to only one determinant i.e. "training" separately. But while developing items for Technical Skills and Social Skills, both Learning Orientation and Personality determinants were taken care off.

The latter aspect is especially important when looking at the determinants of Decision Making Authority. Thureau (2003) considered four determinants, which it was thought, influenced the degree to which an employee uses the "objective" authority offered to him or her by the firm's management. These determinants moderate the process which transforms formal into self-perceived authority, and

are the organizational structure; trust in the employee's supervisor, the organization's culture, and the employee's personality (already discussed in previous section).

3.4.13 Trust in Supervisor: An employee's use of authority also depends on his or her evaluation of the supervisor's trustworthiness. Trust exists if an employee believes his/her supervisor is reliable and has a high degree of integrity (e.g., Moorman *et al.*, 1992). If the employee mistrusts his or her supervisor in the context of the use of formal authority in customer affairs, he or she will simply not use this authority, preferring instead to remain on "safe ground". Trust is reciprocal; not only must the employee trust that the supervisor will not question his or her use of authority, but the supervisor also has to have confidence in the employee's decisions. The impact of trust in employee-supervisor relationships on the use of employees' formal authority has been demonstrated empirically by VanLooy *et al.* (1998) and Stewart *et al.* (1995).

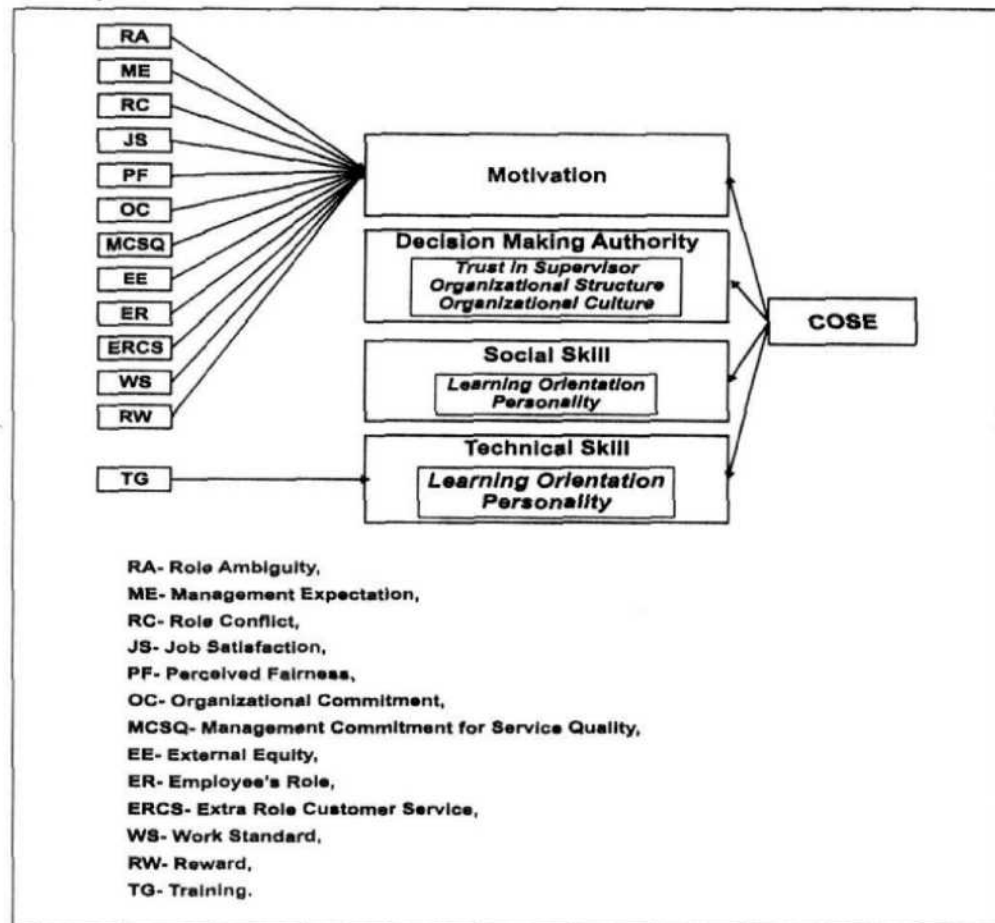
3.4.14 Organizational Structure: The use of formal decision-making authority by an employee is determined by existing organizational rules and practices, as well as by institutions and processes. These structural elements must support the use of power by the individual employee, rather than impede this use, or even punish the employee for wielding this power. For example, a hotel employee will probably not use his or her formal authority with regard to customer problems if he or she is obliged to justify each dollar spent on customer compensation (either verbally or by filling out several forms).

3.4.15 Organizational Culture: According to Schneider *et al.* (1987), service employees are willing to use formal decision-making authority only in a "culture for wellbeing". Such a culture can represent a frame of reference for service employees, and strengthen his or her belief that making autonomous decisions is valued highly by management.

In the questionnaire for the present study, appropriate items for the dimension 'Decision Making Authority' were included. However, care was taken that all the above determinants were covered by these items.

On the basis of above theory, a model was proposed for COSE dimensions and its determinants from employee perspective (Fig.3.2).

Fig. 3.2: Conceptual Model of COSE (Employee Perspective)



Source: Prepared by Researcher

Based on the related theory and conceptualized model, the following hypotheses were considered and empirically tested from the employee perspective:

- H_{E1}: Customer orientation of service employee has a direct and positive influence on motivation.**
- H_{E2}: Customer orientation of service employee has a direct and positive influence on perceived decision making authority.**
- H_{E3}: Customer orientation of service employee has a direct and positive influence on technical skills.**
- H_{E4}: Customer orientation of service employee has a direct and positive influence on social skills.**
- H_{E5}: External Equity has a direct and positive influence on motivation.**
- H_{E6}: Work standard has a direct and positive influence on motivation.**
- H_{E7}: Perceived fairness has a direct and positive influence on motivation.**
- H_{E8}: Reward has a direct and positive influence on motivation.**
- H_{E9}: Training has a direct and positive influence on technical skills.**

3.5 Hypothesizing Relationships Based on Organization Type, Employee Category and Demographics

In line with the study objectives, from the perspective of employees and customers of public and private sector telecom service providers, following hypotheses were framed for empirical testing using t-test, ANOVA and chi-square test for both models.

3.5.1 Employee Perspective: Following are the hypotheses based upon public and private sector employees on constructs of the model.

H_{1ED} Significant differences do not exist between the employees of public and private sector companies on the dimension *motivation*.

H_{2ED} Significant differences do not exist between the employees of public and private sector companies on the dimension *decision making authority*.

H_{3ED} Significant differences do not exist between the employees of public and private sector companies on the dimension *social skills*.

H_{4ED} Significant differences do not exist between the employees of public and private sector companies on the dimension *technical skills*.

As the data was collected from two categories of employees, viz. Executive and Non Executive, T-test was employed to find out the differences between responses of above two categories on various constructs of the model. Following hypotheses were considered:

H_{1EN} Significant differences do not exist between employees belonging to executive and non-executive levels on the dimension *external equity*.

H_{2EN} Significant differences do not exist between employees belonging to executive and non-executive levels on the dimension *motivation*.

H_{3EN} Significant differences do not exist between employees belonging to executive and non-executive levels on the dimension *decision making authority*.

H_{4EN} Significant differences do not exist between employees belonging to executive and non-executive levels on the dimension *perceived fairness*.

H_{5EN} Significant differences do not exist between employees belonging to executive and non-executive levels on the dimension *reward*.

H_{6EN} Significant differences do not exist between employees belonging to executive and non-executive levels on the dimension *social skill*.

H_{7EN} Significant differences do not exist between employees belonging to executive and non-executive levels on the dimension *training*.

H_{8EN} Significant differences do not exist between employees belonging to executive and non-executive levels on the dimension *technical skill*.

H_{9EN} Significant differences do not exist between employees belonging to executive and non-executive levels on the dimension *work standard*.

3.5.2 Customer Perspective: Following are the hypotheses based upon public and private sector customers on constructs of the model.

H_{1CD} Significant differences do not exist between the customers of public and private sector companies on the dimension *customer retention*.

H_{2CD} Significant differences do not exist between the customers of public and private sector companies on the dimension *customer satisfaction*.

H_{3CD} Significant differences do not exist between the customers of Public and Private sector companies on the dimension *decision making authority*.

H_{4CD} Significant differences do not exist between the customers of Public and Private sector companies on the dimension- *Emotional Commitment*.

H_{5CD} Significant differences do not exist between the customers of Public and Private sector companies on the dimension- *Motivation*.

H_{6CD} Significant differences do not exist between the customers of Public and Private sector companies on the dimension- *Social skill*.

H_{7CD} Significant differences do not exist between the customers of Public and Private sector companies on the dimension- *Technical Skill*.

ANOVA was employed to explore the differences among various constructs of the customer's model based upon the age and education of the customers. Following hypotheses were considered in this context:

H_{1CDA} Significant differences do not exist between the customers based on age on the dimension- *Customer Retention*.

H_{2CDA} Significant differences do not exist between the customers based on age on the dimension- *Customer Satisfaction*.

H_{3CDA} Significant differences do not exist between the customers based on age on the dimension- *Decision Making Authority*.

H_{4CDA} Significant differences do not exist between the customers based on age on the dimension- *Emotional Commitment*.

H_{5CDA} Significant differences do not exist between the customers based on age on the dimension- *Motivation*.

H_{6CDA} Significant differences do not exist between the customers based on age on the dimension- *Social Skill*.

H_{7CDA} Significant differences do not exist between the customers based on age on the dimension- *Technical Skill*.

H_{1CDE} Significant differences do not exist between the customers based on education on the dimension- *Customer Retention*.

H_{2CDE} Significant differences do not exist between the customers based on education on the dimension- *Customer Satisfaction*.

H_{3CDE} Significant differences do not exist between the customers based on education on the dimension- *Decision Making Authority*.

- H_{4CDE}** Significant differences do not exist between the customers based on education on the dimension- *Emotional Commitment*.
- H_{5CDE}** Significant differences do not exist between the customers based on education on the dimension- *Motivation*.
- H_{6CDE}** Significant differences do not exist between the customers based on education on the dimension- *Social Skill*.
- H_{7CDE}** Significant differences do not exist between the customers based on education on the dimension *Technical Skill*.

Relationships were explored between age of the customer and preferred telecom service provider and between education of the customer and preferred telecom service provider. Following hypotheses were framed in this context:

- H_{1AA}**: There is no association between age of the customer and preferred telecom service provider.
- H_{2AE}**: There is no association between education of the customer and preferred telecom service provider.

3.6 Measurement Items

For measuring the model constructs, in the customer perspective, validated scales were used wherever available. Specifically, for emotional commitment, customer retention, and customer satisfaction, scales from Morgan *et al.* (1994), Zeithaml *et al.* (1996), and Thureau *et al.* (2002), respectively were taken, and based on insights from the pilot survey and discussions with subject experts, were slightly reworded/rephrased to suit objectives of the study. Each of these three constructs was measured using four items. As no validated scales were available in the context of telecom industry for measuring various dimensions of COSE, initially 3-item scales, based on those suggested by Thureau *et al.* (2004) were employed in the present study.

For measuring the model constructs, from the employee perspective, no validated scales were available. So it was thought proper, to start, with a longer questionnaire by including all the related items available in the literature and also to formulate some items for the determinants for which no previous study is available. Based on the responses received during pilot survey and by conducting a exploratory factor analysis, items with lower loadings were dropped (see Chapter 5 for details). Measurement items used in case of employee perspective, have been adapted from previous studies by Boshoff *et al.* (1996), Caruana *et al.* (1998),

Allred (2001), Thureau *et al.* (2003), Yavas *et al.* (2003), Malhotra *et al.* (2004), Thureau *et al.* (2004), Huang *et al.* (2006), and Lee *et al.* (2006), Chathoth, (2007). However, keeping in mind objectives of the present study, some additional items were also added by the researcher*.

A total of 88 statements comprised the item pool for measuring employee perspective while 24 items were originally considered for the customer perspective. The researcher used a 7-point Likert scale in the questionnaire because it is extremely popular for measuring attitudes and is simple to administer (Malhotra, 2005). With the Likert scale, respondents indicate their attitudes by writing, how strongly they agree or disagree with the statement. The scale ranges from '1' for Strongly Agree, '2' for Moderately Agree, '3' for Agree a Little, '4' for Neither Agree Nor Disagree, '5' Disagree a Little, '6' for Moderately Disagree, '7' for Strongly Disagree. But based upon feedback during pre-testing and discussion with subject experts some of the items had to be reworded and refined. Items which did not fare well during subsequent waves of pilot testing and as also those with unsatisfactory factor loadings were dropped (for details please see Chapter 4).

It is to be noted that each multi-item scale considered for the study was factor-analyzed, to evaluate dimensionality; and reliability analysis was performed to determine if each item contributed to scale reliability. Besides, correlational analysis was applied to confirm the validity of the construct. The procedure followed has been explained in detail in Chapter 5.

3.7 Summary

In this chapter, based on extant theories and models of COSE, two research models have been proposed. To verify the two proposed research models, direct path hypotheses have been considered. Structural Equation Modelling (SEM) technique has subsequently been employed to test the proposed hypotheses in relation to the theoretical framework. A detailed explanation of the analytical techniques used to achieve objectives of this study has been provided in the Chapter 4.

* Research instruments used in the pilot study and main study are given in Appendix I

CHAPTER 4: RESEARCH METHODOLOGY

4.0 Introduction

There are three basic types of research designs, namely exploratory, descriptive, and causal. They are used to collect primary data and create data structures and information (Hair *et al.*, 2003). The research methodology and methods for this research were chosen to successfully achieve the research objectives. The justification for choices and uses has been presented in this chapter. The rationale for the study has also been discussed and explained in terms of research process, design, development of the instrument, pilot study, sample and data collection, and data analysis. The developments of the relevant research instrument along with outline of problems encountered in the survey too have been discussed.

4.1 Research Objectives

The study had two broad objectives. The first was to review literature on customer orientation of front end employees of service firms. The second was to propose and validate both the customer perspective and employee perspective models of customer orientation of front end employees (COSE) of service firms with special emphasis on telecom service provider firms. Both theoretical concepts and measures need to be well founded. Thus, theoretical review was used to secure sufficient validity of theoretical concepts. In addition, the measures of the model were validated empirically.

A thorough understanding of the model may help practitioners to analyse the effect of COSE on various dimensions of COSE and customer satisfaction, perceived service quality, customer commitment and retention with special reference to the telecom service provider firms. They would also be of help in taking effective steps to improve upon customer satisfaction, perceived service quality, customer

commitment and retention thus ultimately revenue and profitability, by fine tuning various determinants discovered during the study of employee perspective.

According to Davis (1989), practitioners evaluate systems for two purposes, one is to predict acceptability and the other is to diagnose the reasons resulting in lack of acceptance to take proper measures to improve user acceptance.

Keeping the above in mind, the specific research objectives of the study were:

- To investigate various dimensions of COSE and effect of COSE on customer satisfaction, perceived service quality, customer commitment and retention from customer perspective.
- To investigate various determinants of COSE from employee perspective.
- To propose and test model of COSE in National Capital Region of India for both public and private telecom service providers from employee and customer perspectives.
- To investigate differences between employees of public and private sector telecom service providers with respect to various dimensions of COSE.
- To investigate differences between customers of public and private sector telecom service providers with respect to customer satisfaction, emotional commitment and retention and dimensions of COSE.
- To explore relationship between age and education of the customer and preference for service provider.

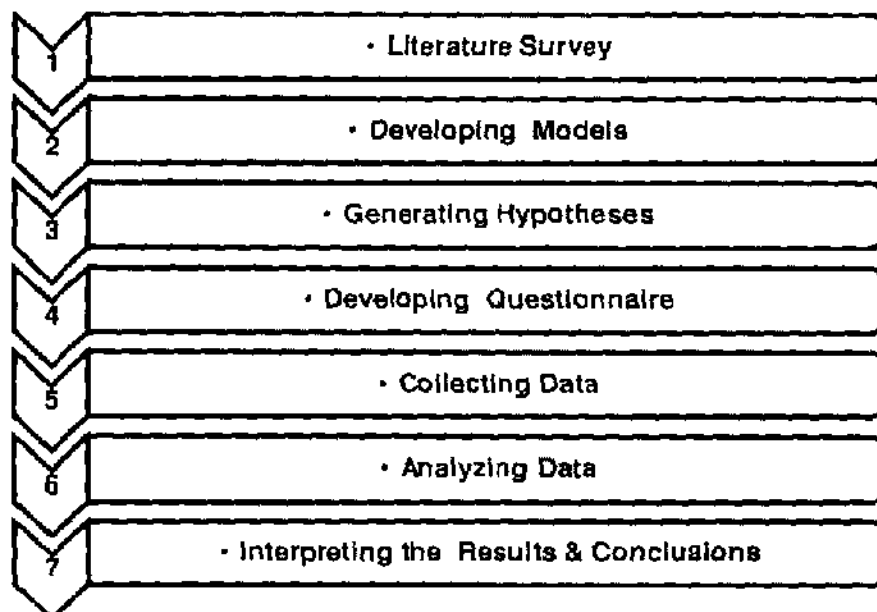
4.2 Research Process

The present research was conducted as per following steps:

- 1) Information collected through extensive literature survey on COSE (customer orientation of service employees) related to the field of relationship marketing with special reference to service organisations.
- 2) Developing models incorporating the relevant determinants and dimensions of customer orientation of service employees from both customer and employee perspectives and its impact on key marketing constructs i.e. customer satisfaction, commitment and customer retention.

- 3) Generating various hypotheses to explore whether the model formulated was valid or not.
- 4) Developing questionnaires for measuring employee and customer perspectives, as a survey tool, to generate data.
- 5) Analyzing data obtained through the questionnaires, to explore relationship between dimensions of COSE, its determinants, customer satisfaction, commitment and customer retention.
- 6) Interpreting the results of the data analyzed and arriving at conclusions.

Fig. 4.1: Schematic Diagram for Research Process



4.3 Research Design

The research design is the step aimed at designing the research study in such a way that the essential data can be gathered and analysed to arrive at a solution. The following are the design considerations for this research in accordance with the guidelines suggested by Sekaran (2003).

4.3.1 The Purpose of the Study: The purpose was hypothesis testing in nature because usually studies relating to hypothesis testing explain the nature of certain relationships; establish the differences among groups or the independence of two or more factors in a situation. In other words, hypothesis testing is undertaken to explain the variance in the dependent variable Sekaran (2003). Hypothesis testing

offers an enhanced understanding of the relationships that exist among variables, and could also establish cause and effect relationships.

4.3.2 The Type of Study: It is a descriptive correlational study since it is interested in developing models incorporating the relevant determinants and dimensions of customer orientation of service employees from both customer and employee perspectives and its impact on key marketing constructs i.e. customer satisfaction, commitment and customer retention. It is also a causal study since it attempts to establish cause-and-effect relationships through certain types of correlational or regression analyses such as path analysis.

4.3.3 The Study Setting: As this research is a correlational study it was conducted in non-contrived settings, whereas rigorous causal studies are done in contrived lab settings.

Fig. 4.2: Map of India



Fig. 4.3: The Map of National Capital Region



4.3.4 Unit of Analysis: Samples from telecom front end employees dealing directly with customers and telecom service's customers have been used to understand relationships between constructs (Thurau *et al.*, 2003, Thurau, 2004), so the unit of analysis were individual employees and customers of both public and private sector telecom companies providing services in the National Capital Region⁹¹ (NCR) in India (Fig.4.2 & 4.3).

4.3.5 Time Horizon of the Study: This research study is a cross-sectional study because it aimed to collect data just once, over a period of over June 2010 to March 2011 in order to address the research objectives.

4.3.6 Data Collection: It refers to the process of collecting data associated with variables in the hypotheses being considered for the study. In the present study, two structured closed-ended questionnaires were designed specifically for the study and were personally administered by the researcher on the telecom front end employees dealing directly with customers and subscribers (customers) of selected telecom companies in the NCR.

4.3.7 Data Analysis: The step where data is analysed statistically to see if the hypotheses can be substantiated (For details please see Chapter 5).

4.4 Methodology Adopted in Present Study

Methodology is the strategy, plan of action, process, or design lying behind the choice and use of particular methods and linking the choice and use of methods to the desired outcomes (Crotty, 1998). Hussey *et al.*, (1997) also define methodology as the overall approach to the research process, from the theoretical underpinning to the collection and analysis of data, and also suggest that methodology is concerned with the following main issues: why you collected certain data, what data you collected, from where you collected it, when you collected it, how you collected it, and how you will analyse it.

4.5 Methodology Strategy

Among several methodologies viz. experimental research, survey research, ethnography, etc., the survey research methodology was considered to be the most appropriate for this research. It is concerned with drawing a sample of subjects from a population and studying this in order to make inferences about the population. In

⁹¹ The National Capital Region (NCR) in India comprises an area of 33,578 sq. km covering the States of Delhi, Haryana, Rajasthan and Uttar Pradesh. It is the world's second largest urban agglomeration by population and the largest by area. There has been a conscious effort on the part of government towards planned decentralization to outer areas with a view to ease the burden on infrastructure of national capital Delhi.

the case of a large population, only a sample of the whole population is used (Hussey *et al.*, 1997). This was the case for this study. In particular, this study was classified as an analytical survey where the main intention was to determine whether there exists any relationship between different variables? Because methodology is the process or design lying behind the choice and use of particular methods and linking to the desired outcomes (Crotty, 1998), it was therefore necessary to identify which methods should be used in the research. Methods are the various means or techniques or procedures used to gather and analyse data related to some research question or hypothesis (Hussey *et al.*, 1997, Crotty, 1998).

Methods used in this research were categorised into two groups (1) questionnaire method which is the most important method used to collect primary data in the survey, and (2) several statistical methods were used to analyse data such as descriptive statistics, T-test, ANOVA and Structural Equation Modelling (For details please see Chapter 5).

4.6 Questionnaire Method

Administering questionnaire is one of the main data collection methods in survey research (Gay *et al.*, 1992; Sekaran 2003; Veal, 2005). A questionnaire is a pre-formulated written set of questions to which respondents record their responses, usually within rather closely defined alternatives (Sekaran, 2003). The rationales behind the use of questionnaire method as a major survey tool in this research are:

- 1) It was used because it is an efficient data collection mechanism when the researcher knows exactly what is required and how to measure the variables of interest. Field studies, comparative surveys and experimental designs often use questionnaires to measure the variables of interest (Sekaran, 2003).
- 2) It was used because quantified information is required concerning a specific population and telecom front end employee's and telecom services customer's behaviour and attitudes are acceptable as a source of information (Ticehurst *et al.*, 2000).

Sekaran (2003) suggests that the advantage of the questionnaire method is that administering questionnaires to large numbers of individuals simultaneously is less

expensive and less time consuming than other methods. It also does not require much skill to administer a questionnaire.

The questionnaires were personally administered, because it is one of the best ways to collect data when the survey is confined to a local area (Sekaran, 2003) as was the case in the present study, with respondents being both telecom front end employees and subscribers (customers) of selected telecom companies in the NCR.

As already mentioned, questionnaire technique was used as the main technique to collect data for this study. It is to be noted that survey research methodology has been employed by previous researchers also in studies focusing on customer orientation service employees and its dimensions (Boshoff *et al.*, 1996, Caruana *et al.*, 1998, Allred, 2001, Thureau *et al.*, 2003, Yavas *et al.*, 2003, Malhotra *et al.*, 2004, Thureau *et al.*, 2004, Huang *et al.*, 2006 and Lee *et al.*, 2006, Chathoth, 2007.)

4.7 Development of the Questionnaire

Before going into the stage of questionnaire design, an extensive review of literature was carried out to develop a questionnaire for the present study. Prior to developing measurement instrument for conceptual constructs proposed in this study, an exhaustive search for existing developed scales in the literature was made.

4.8 Questionnaire Design

This study employed a structured closed ended questionnaire designed to collect primary data to measure customer orientation of service employees (COSE) and related dimensions and determinants from customer and employee perspectives. Keeping in mind the profile of the respondents, we used a paper and pencil questionnaire instead of an online questionnaire to reduce the problems and limitations placed by an Internet-based questionnaire survey (Thompson *et al.*, 2003).

For measuring the model constructs, from the customer perspective, validated scales were used where available. Specifically for emotional commitment, customer retention, and customer satisfaction, scales from Morgan *et al.*, (1994), Zeithaml *et al.* (1996), and Thureau *et al.* (2002), respectively were taken, and

based on insights from the pilot survey and discussions with subject experts, were slightly reworded to suit objectives of the study. Each of these three constructs was measured using four items. As no validated scales were available in the context of telecom industry for measuring various dimensions of COSE, initially 3-item scales, based on those suggested by Thurao *et al.* (2004) were employed in the present study.

Measurement items used in case of employee perspective, have been adapted from previous studies by Boshoff *et al.* (1996), Caruana *et al.* (1998), Thurau *et al.* (2003) Allred (2001), Yavas *et al.* (2003), Thurau (2003), Malhotra *et al.* (2004), Thurao *et al.* (2004), Huang *et al.* (2006), Lee *et al.* (2006), Chathoth (2007). However, keeping in mind objectives of the present study, some additional items were also added by the researcher^{*}.

With necessary inputs from the researches referred above, two questionnaires were developed in accordance with the suggestions of Tull *et al.* (1990), in that the overall questionnaires should reflect the research objectives by logically moving from one topic to another. A total of 88 statements comprised the item pool for measuring employee perspective while 24 items were considered for the customer perspective. The researcher used a 7-point Likert scale in the questionnaire because it is extremely popular for measuring attitudes and is simple to administer (Malhotra, 2005). With the Likert scale, respondents indicate their attitudes by writing, how strongly they agree or disagree with the statement. The scale ranges from '1' for Strongly Agree, '2' for Moderately Agree, '3' for Agree a Little, '4' for Neither Agree Nor Disagree, '5' Disagree a Little, '6' for Moderately Disagree, '7' for Strongly Disagree. But based upon feedback during pre-testing and discussion with subject experts some of the items had to be reworded and refined. Items which did not fare well during subsequent waves of pilot testing and as also those with unsatisfactory factor loadings were dropped.

It is to be noted that each multi-item scale considered for the study was factor-analyzed, to evaluate dimensionality; and reliability analysis was performed to determine if each item contributed to scale reliability. Besides, correlational

^{*} Research instrument used in the study is given in Appendix I

analysis was applied to confirm the validity of the construct. The procedure followed has been explained in detail in Chapter 5.

As it was essential to introduce respondents to the study and explain the survey objectives, so to establish credentials and legitimacy, a statement was written in the beginning of the questionnaires that *"Please note that all your responses will be kept strictly confidential and used for academic purposes. At no point you will be asked to reveal your identity."* Keeping in mind the demographic profile of the respondents as also the fact that the researcher personally administered the questionnaire, English version of the questionnaires (Please see Appendix I) were used.

4.9 Pre-testing of the Questionnaire

Pre-testing is a trial run with a group of respondents for the purpose of detecting problems in the questionnaire statements or design, whether the respondents have any difficulty understanding the questionnaire or whether there are any ambiguous or biased questions (Sekaran, 2003). The aim of pre-testing the questionnaire was to ensure that the content as well as the mechanics of compiling the questionnaire had been satisfactory. It establishes a content validity of the scales. Hair *et al.* (2003) pointed out that to establish a scale's content validity is to ensure its ability to measure what it is designed to measure. This was fulfilled by asking respondents first to complete the questionnaire and then to comment on its length, scale, formats, wording, and statements. Based on respondents' feedback, slight modifications were made in the items to correct ambiguity. In certain cases, some of the items were also dropped.

The objective of pre-testing is to evaluate the items used in the design questionnaire (Hair *et al.*, 2006). Sekaran (2003) suggests that it is important to pre-test the questionnaire used in the survey to ensure that the respondents understood the questions posed and that there is no ambiguity and no problems associated with wording or measurement. The size of the pre-testing group may be 25 - 50 subjects (Zikmund, 2003). In this study, the first pre-testing was conducted on telecom front end employees and telecom services customers in the NCR. Around 50 questionnaires each were distributed to telecom front end employees and telecom services customers to ensure accuracy and consistency of the responses.

The suggestions highlighted some potential problems with wording, repetitive statements and other ambiguities. It is important to give careful consideration to wordings because question wording substantially influences accuracy (Zikmund, 2003). So, some of the items were refined, re-worded, dropped or changed to be more representative of the intended constructs thus enhancing the scale's content validity. After the first pre-test, the questionnaires were significantly revised because the respondents had also suggested some changes with wordings and the inappropriate sequencing of the questionnaire. Then a second wave of pre-testing was conducted on another group of 50 telecom front end employees and 50 telecom services customers. After the second pre-testing, the statements were fine tuned and the questionnaire was again revised to incorporate suggestions regarding wording and inappropriate sequencing.

4.10 Pilot Survey

A pilot survey is a small-scale version of the larger survey; it relates particularly to questionnaire survey but can relate to any type of research procedure. It is always advisable to carry out one or more pilot surveys before starting the main data collection exercise (Sekaran, 2003; Malhotra, 2005). It should draw subjects from the target population and simulate the procedures and protocols that have been designed for data collection. It helps detect weaknesses in design and instrumentation. In fact, pilot survey can be used to test out all aspects of the survey and not just question wording (Ticehurst *et al.*, 2000). The size of the pilot group may range from 25 to 100 subjects (Cooper *et al.*, 1998). In the present study, the pilot survey was initially conducted on 50 telecom front end employees and 50 telecom services customers in the NCR.

The various constructs were tested for validity using principal component analysis (PCA) with varimax rotation. PCA was carried out on each scale separately to check if items of a scale load on one single factor. As each item deleted affects all other values, a very cautious approach was taken, deleting only one item per run, which resulted in a higher number of analysis runs. Thus, several items were dropped due to cross loadings and remaining items loaded on a single factor. Each multi-item scale was factor-analyzed to evaluate dimensionality, and reliability analysis was

performed to determine if each item contributed to scale reliability. Besides, correlational analysis was applied to confirm the validity of the construct. We omitted items if they did not load with the majority of the other scale items or if they failed to improve internal consistency. A final Principal Component Analysis confirmed the unidimensionality of each scale. Mentzer, *et al.*, (1999) suggested that a final scale may contain lesser, even one-fourth or one-fifth of the original items. The results of PCA further prove that the constructs possess moderate levels of convergent validity as items within a construct were found to have satisfactory loadings. Following the procedure, 29 and 24 items were retained in the employee and customer questionnaire, respectively (for details see chapter-5).

4.11 Sample and Data Collection

The sample comprised the telecom front end employees dealing directly with customers and telecom service's customers in NCR. Keeping in mind practical difficulties associated with probability sampling in this type of study including absence of reliable sample frame, customers visiting Customer Care Centres of Telecom Service Providers, Malls and other such locations in the NCR were approached for responses. As already pointed out, keeping in mind the peculiar nature of the study and absence of any reliable sample frame, it was thought appropriate to adopt convenience sampling procedure for generating data. Although such samples are not strictly representative, they are less likely to create any systematic bias (Douglas *et al.*, 1983).

However, to bring in some semblance of randomness, the researcher made it a point to contact customers at referred locations decided randomly within the NCR, on separate weekdays, during the period of data collection to get a representative feedback among all the SSAs (secondary switching areas).

For getting feedback from employees, personal contacts within BSNL as well as other private operators were put to use. Data was collected from two types of frontline employees—executive and non-executive. Here too, due to absence of reliable sample frame, data was collected following convenience sampling by visiting offices of the various telecom service operators and collecting responses from the employees from the NCR.

The sample of this study comprised voluntary participants consisting of roughly 350 front end employees of telecom service companies and 350 telecom service customers. Questionnaires with missing responses were excluded from final analysis. Final sample size was 297 for front end employees and 293 for telecom service customers. It is to be noted that according to Wimmer *et al.* (2000), for multivariate studies, a sample size about 300 is considered to be good.

4.12 Data Editing and Coding

Using SPSS software version 15.0, data was edited by checking and adjusting for errors, omissions, legibility and consistency in order to ensure completeness, consistency, and reliability of the data. This was achieved by using "frequency distribution" feature in SPSS. Data was coded by assigning character symbols, and edited before it was entered into SPSS. Each item in the questionnaire had a unique variable name. A coding sheet was used to maintain information about how each variable was coded. It comprised a list of all variables in the questionnaire, the abbreviated variable names that were used in SPSS and the way in which the responses were coded. In relation to data input into SPSS, screening and cleaning of data before furthering the data analysis stage was necessary to make sure that there were no errors at the stage of keying data. By using descriptive statistics in SPSS such as frequency analysis, the data was screened by checking each variable to see if the score was out of range for this category (checking frequencies), or for continuous variables (checking minimum, maximum, mean and standard deviation). After finding errors, it was necessary to go back to the questionnaires to confirm the data before correcting the error in the data file. Thus, after taking due care, researcher proceeded to the data analysis stage.

4.13 Missing Data and Outliers

Data cleaning procedure was performed before proceeding with the analysis. Outliers were detected by the help of box plots (also called box-whisker diagrams) in SPSS. Moreover, the missing values were replaced with the mean values in the database (Field, 2006).

4.14 Data Analysis

During initial stages, descriptive statistics such as minimum, maximum, frequency, percent, mean, standard deviation, skewness, kurtosis, Pearson correlation, T-tests and ANOVA was obtained by using SPSS. Data analysis involved testing the reliability (inter-item consistency) and validity of the scales (convergent validity). The second stage comprised testing the proposed research models through Structural Equation Modelling using LISREL 8.5.

Statistical techniques used in this research were categorised into two groups. The first set of techniques was used to explore differences between groups by using T-tests and ANOVA (Pallant, 2005; Sekaran, 2003) and second, Structural Equation Modelling (SEM) was used to estimate interrelated dependence relationships (Hair *et al.*, 2006). This technique is helpful in generating a model of relationships among variables (Hayduk, 1987). Before analysing data by using these statistical techniques, it was considered important to test the reliability and validity of the research instrument.

4.15 Reliability

Reliability is defined as the degree to which measures are free from random error and therefore yield consistent results. However, it is to be noted that unidimensionality is a necessary condition for reliability analysis and construct validation (Anderson *et al.*, 1991). Hence, in the present study, reliability was assessed only after scale unidimensionality was established in case of each construct.

4.16 Validity Analysis

Correlational or convergent analysis is one way of establishing construct validity (Malhotra, 2005). Correlational analysis assesses the degree to which two measures of the same concept are correlated. High correlations indicate that the scale is measuring its intended concept (Hair *et al.*, 2006). It is recommended that the inter-item correlation exceed 0.30 (Robinson, *et al.*, 1991). In fact, reliability and validity are separate but closely related conditions (Bollen, 1989). More importantly, reliability does not guarantee validity and validity does not guarantee reliability. A

measure may be consistent (reliable) but not accurate (valid). On the other hand, a measure may be accurate but not consistent (Holmes *et al.*, 2006).

4.17 Principal Component Analysis

Principal Component Analysis (PCA) was performed to check whether the items of each construct load on a single construct. Kaiser-Meyer-Olkin (KMO) and Bartlett's Tests were performed to determine if the data are likely to factor well (Malhotra, 2005). KMO measure quantifies the degree of inter correlations among the variables and hence the appropriateness of factor analysis. Another measure is Bartlett's test of sphericity which measures the presence of correlations among the variables. It provides the statistical probability that the correlation matrix has significant correlations among at least some of variables. Thus, a significant Bartlett's test of sphericity is required (Malhotra, 2005).

4.18 Chi-Square Test

A cross tabulation describes two or more variables simultaneously. It is the merging of frequency distribution of two or more variables in single table (Malhotra, 2005). Here the purpose of the cross tabulation is to show relationship between age group of customer and preferred service provider and education of the customer and preferred service provider. Chi-square test was performed in order to establish association, if any, between age of the customer and preferred telecom service provider and between education of the customer and preferred telecom service provider.

4.19 T-test

Independent sample t-tests (Sekaran, 2003) were used to explore the differences between two groups. We deployed t-tests to compare the mean scores of responses from public and private telecom companies with reference to customers, employees on various dimensions, determinants and constructs of model and find out whether significant differences existed between them (Malhotra, 2005).

4.20 ANOVA

The one-way ANOVA provides us with linearity tests and association measures to help us understand the structure and strength of the relationship between the groups and their means (Malhotra, 2005).

4.21 Structural Equation Model (SEM)

Structural Equation Modeling (SEM) is an advanced multivariate statistical process with which a researcher can hypothesize and test a theoretical model and the associated relationships. It also takes into account measurement errors, and considers both direct and indirect effects of variables on one another. Latent variables are theoretical constructs that unite phenomena under a single term (Bollen, 1989).

SEM analysis has been used to investigate which and how much some of the factors affect the intention for adoption of mobile marketing. By using SEM, the hypothesized model can be tested statistically in a simultaneous analysis of the entire system of variables to determine the extent to which it is consistent with the data. If the goodness of fit is adequate, the model argues for the plausibility of the postulated relations among variables; if it is inadequate, the tenability of such relations is rejected. However, despite the fact that a model is tested in each round, the whole approach is model generation rather than model testing (Byrne, 2001, 2006). SPSS was used to conduct preliminary analyses of data together with SEM software package LISREL 8.50 which was used to test the proposed models.

4.22 Limitations of the Study

The study makes a modest attempt at exploring effects of COSE on various dimensions of COSE and customer satisfaction, perceived service quality, customer commitment and retention in telecom service provider firms operating in NCR in India. But still, like any other empirical study, present research too suffers from certain limitations which are listed below:

- As already mentioned, questionnaire was personally administered to collect data for this study. The methodology adopted in questionnaire administration is in line with suggestions of Sekaran (2003) according to whom it is one of the best ways to collect data when the survey is confined to a local area. However, the very fact that data was collected from a small geographic area limits the generalizability of the findings.
- With regard to the general applicability of the findings, restrictions result from the sample characteristics. It must also be mentioned that the findings are not based on a random sample. Thus, the very fact that convenience sampling procedure was relied upon in generating the data for the study, findings of the study need to be generalized with caution.
- Although such samples are not strictly representative, they are less likely to create any systematic bias (Douglas & Craig, 1983). However, to bring in some semblance of randomness, the researcher made it a point to contact customers at referred locations decided randomly within the NCR, on separate weekdays, during the period of data collection to get a representative feedback among all the SSAs (secondary switching areas) within the NCR.
- For getting feedback from employees, personal contacts within BSNL as well as other private operators were put to use. Data was collected from two types of frontline employees—*executive* and *non-executive* restricting generalizability.
- As only English version of the questionnaire was used on the respondents, the study can be said to be having an upmarket bias again limiting generalizability of findings.
- The data for the study was collected from respondents (both customers and employees) in the NCR region only which is relatively more affluent in terms of socio-economic development. This too raises concerns over transferability of findings onto other regions and markets of India as also other parts of the world.
- This study covers limited number of socio-demographic variables i.e. age and education. Other variables such as urban-rural, income profile, etc. have not been included which could have enriched our findings and helped

in predicting customer preferences in the context of telecom service providers.

- The study is also biased in the sense that it does not include perceptions of customers using wire line as they may be different from users of mobile.

4.23 Summary

This chapter presents the methodology used in this research including information gathering, the instrument development, pre-tests, pilot study, data collection and data analysis process. The research instrument was pre-tested in two waves and the pilot as also the actual study was conducted in NCR. In the data analysis section, the statistical techniques used in data analysis have been explained. The results of the data analysis arrived at using these statistical techniques has been discussed in the next chapter.

CHAPTER 5: DATA ANALYSIS AND DISCUSSION

5.0 Introduction

The present chapter is divided into four parts. The first part deals with the preliminary data analysis, the second part presents results of structural equation modelling for the Customer Orientation of Service Employee (COSE) for customer perspective as well as employee perspective in public sector and private sector telecom service providers in the NCR, the third covers demographic characteristics of respondents and test of association through Chi-square test and the fourth part presents test of differences through t-test results and ANOVA results.

The section on preliminary data analysis presents the results related to (1) the reliability of the instrument based on internal consistency of the measures by testing the Cronbach's alpha, KMO together with inter-item correlation, (2) the convergent validity of the constructs.

In the second part of this chapter, structural equation modelling (SEM) using LISREL 8.5 has been used to assess the relationship between determinants and dimensions of COSE, and customer satisfaction, emotional commitment and customer retention, which constitute the core of this research. It attempts to investigate what factors influence various dimensions of COSE as these adjustable factors by the service providers were expected to play important roles in maximising the revenue of the telecom companies.

The third part covers descriptive analysis associated with respondent's demographic data and chi-square test to investigate, whether there exist any association between age group of customers and preferred service provider and education of the customers and preferred service provider.

The fourth part covers the test of differences comprising of t-test and ANOVA. The purpose of t-tests was to examine whether there exist significant differences between the public sector and private sector telecom companies in the NCR, in terms of the various constructs of the study, based on the responses of customers as well as employees in NCR. T-test was also employed to examine the difference between executive and non-executive employees of the telecom service providers on various constructs of the study. On the other hand, ANOVA was employed to examine whether there exist significant differences between respondents based on age group and education of customers.

5.1 Preliminary Data Analysis

To determine, if the data is likely to factor well, before proceeding with exploratory factor analysis (EFA), Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Tests of Sphericity were performed. KMO measure quantifies the degree of inter-correlations among the variables and hence the aptness of factor analysis. If KMO is found to be greater than 0.50, then one can proceed with factor analysis (Malhotra, 2005).

Another measure is Bartlett's Test of Sphericity which measures the presence of correlations among the variables. It provides the statistical probability that the correlation matrix has significant correlations among at least some of variables. Thus, a significant Bartlett's Test of Sphericity is required (Malhotra, 2005).

5.2 Scale Refinement

In the present study, the scale refinement was done at the level of pilot survey, which was conducted on 50 telecom front end employees and 50 telecom services customers in the NCR. As there were 88 scale items in the employee questionnaire, general feedback was to reduce the length of the questionnaire. It was also noticed that respondents tend to lose patience in responding to the long questionnaire. So it was thought proper to test various constructs for validity using Principal Component Analysis (PCA) with varimax rotation and to drop the constructs which did not load satisfactorily.

The size of the pilot group was within the range of 25 to 100 subjects suggested by Cooper *et al.* (1998). A pilot survey is a small-scale version of the larger survey; it relates particularly to questionnaire survey but can relate to any type of research procedure. It is always advisable to carry out one or more pilot surveys before starting the main data collection exercise (Sekaran, 2003; Malhotra, 2005) as it helps detect weaknesses in design and instrumentation. In fact, pilot survey can be used to test out all aspects of the survey and not just question wording (Ticehurst *et al.*, 2000).

The KMO values were found to be meritorious and in Bartlett's Test of Sphericity, $p = 0.000$ (its associated probability being less than 0.05), signalling that data collected during pilot test was suitable for factor analysis.

The various constructs were tested for validity using principal component analysis (PCA) with varimax rotation. PCA was carried out on each scale separately to check if items of a scale load on one single factor. As each item deleted affects all other values, a very cautious approach was taken, deleting only one item per run, which resulted in a higher number of analysis runs. Thus, several items were dropped due to cross loadings in the employee questionnaire and remaining items loaded on a single factor. For customer questionnaire, all the items loaded on single factor in the first run itself.

Each multi-item scale was factor-analyzed to evaluate dimensionality and reliability, analysis was performed to determine if each item contributed to scale reliability. Besides, correlational analysis was applied to confirm the validity of the construct. We omitted items if they did not load with the majority of the other scale items or if they failed to improve internal consistency. A final principal component analysis confirmed the unidimensionality of each scale. Mentzer *et al.* (1999) suggest that a final scale may contain lesser, even one-fourth or one-fifth of the original items. The results of PCA further prove that the constructs retained possess good levels of convergent validity, and items within a construct were found to have satisfactory loadings. In all, fifty-nine (59) items were dropped from the employee questionnaire which resulted in deletion of several constructs as a whole (extra role customer service, job satisfaction, management commitment to service quality, management expectation, organizational commitment, role ambiguity, role conflict and employees role) and some scale items in the retained constructs. While all the items

in the customer questionnaire were found to possess good levels of convergent validity, and items within a construct were found to have satisfactory loading on single factor. Following the above procedure, 29 and 24 items respectively were retained in the employee and customer questionnaires employed in the final questionnaires.*

The KMO values of all the scales were found to be meritorious and because $p = 0.000$ (its associated probability being less than 0.05) in the Bartlett's Test of Sphericity, for all scales signalling that data was suitable for factor analysis in the main study as well. The various constructs in the final questionnaire were again tested on the data collected during main course of study for validity using PCA with varimax rotation. PCA was carried out on each scale separately to check if items of a scale load on one single factor and it was found that all the items loaded on a single factor in both customer as well as employee questionnaire [please see table 5.1 (a) and 5.1 (b)].

5.3 Reliability Analysis

Scale reliability is operationalized as internal consistency, which is the degree of inter-correlations among the items that constitute the scale (Nunnally *et al.*, 1994). It reflects the scale's ability to consistently yield the same responses. There are various methods of calculating construct/scale reliability. The most popular method to assess the reliability of a construct is by computing the alpha coefficient of internal consistency (Cronbach, 1951). Nunnally *et al.* (1994) stress the importance of Cronbach's coefficient alpha, because it provides actual estimates of reliability. A value of Cronbach's alpha of 0.7 or more is used as a criterion for a reliable scale (Nunnally *et al.*, 1994). Even an alpha value greater than 0.60 is considered to be reliable (Hair *et al.*, 1998).

The reliability estimates i.e. Cronbach Alpha values of all the constructs in the Employee questionnaire and customer questionnaire were found to be greater than 0.60. It is 0.528 for technical skill in employee questionnaire while for other constructs it is more than 0.69 in both, the employee questionnaire and customer

* Please see Appendix-I for pilot study and final version of questionnaires for measuring employee and customer perspective.

questionnaire. [Please, see Table 5.1(a) & Table 5.1 (b)]. Internal consistency reliabilities based on Cronbach's alpha values were acceptable for all the items. A value of Cronbach's alpha of 0.60 or more has been used as a criterion for a reliable scale (Hair *et al.*, 2006) indicating that items in each set were positively correlated to one another (Sekaran, 2003). In other words, items in each set are independent measures of the same concept, and therefore, indicate accuracy in measurement in the main survey.

5.4 Validity Analysis

Correlational or convergent analysis is one way of establishing construct validity. Correlational analysis assesses the degree to which two measures of the same concept are correlated. High correlations indicate that the scale is measuring its intended concept (Hair *et al.*, 2006). It is recommended that the inter-item correlation should exceed 0.30 (Robinson *et al.*, 1991). The inter-item correlation values of the indicators in each construct were found satisfactory (higher than 0.30) except few inter-item correlation values. Item-total correlations were satisfactory as well all of them were more than 0.30 [please, see Table 5.1(a) and Table 5.1 (b)]. Cohen (1988) suggested that correlation (r) = 0.10 to 0.29 (small correlation), r = 0.30 to 0.49 (medium correlation), and r = 0.50 to 1.0 (large correlation). The results of PCA further prove that the constructs possess good levels of convergent validity as items within a construct were found to have satisfactory loadings.

In fact, reliability and validity are separate but closely related conditions (Bollen, 1989). More importantly, reliability does not guarantee validity and validity does not guarantee reliability. A measure may be consistent (reliable) but not accurate (valid). On the other hand, a measure may be accurate but not consistent (Holmes *et al.*, 2006).

Based upon the above discussion, it can be deduced that all the items of the both the questionnaires of final survey were proved as a reliable and valid measurement tool.

Table 5.1 (a) Summary of Reliability and Validity Analysis and Factor Loadings for all Items of COSE for Employee Perspective

Measurement Items	Abb.	Items	Cronbach Alpha	Inter-Item Correlation	Item-Total Correlation	Factor Loadings	KMO	Bartlett's Test of Sphericity		
								Approx. Chi Square	df	sig.
Motivation	MO	4	0.697	0.247-0.502	0.397-0.524	0.644-0.758	0.688	165.007	3	0
Technical Skill	TS	3	0.528	0.204-1.000	0.129-0.504	0.653-0.773	0.599	631.101	3	0
Social Skill	SS	3	0.655	0.299-0.518	0.363-0.538	0.666-0.825	0.619	133.893	3	0
Decision Making Authority	DA	3	0.652	0.319-0.403	0.424-0.514	0.736-0.809	0.644	208.086	6	0
Perceived Fairness	PF	3	0.703	0.403-0.508	0.468-0.550	0.749-0.815	0.664	160.78	3	0
Reward	RW	3	0.821	0.543-0.672	0.624-0.725	0.825-0.886	0.704	121.366	3	0
Work Standard	WS	4	0.758	0.296-0.602	0.398-0.620	0.606-0.817	0.742	324.042	3	0
External Equity	EE	3	0.702	0.423-0.449	0.509-0.530	0.785-0.801	0.674	299.984	6	0
Training	TG	3	0.685	0.313-0.577	0.378-0.586	0.665-0.847	0.617	155.177	3	0

Table 5.1 (b) Summary of Reliability and Validity Analysis and Factor Loadings for all Items of COSE for Customer Perspective

Customer Satisfaction	CS	4	0.790	0.434-0.530	0.573-0.628	0.761-0.804	0.780	323.751	6	0
Customer Retention	CR	4	0.820	0.400-0.657	0.540-0.698	0.721-0.829	0.771	417.83	6	0
Emotional Commitment	EC	4	0.725	0.286-0.477	0.468-0.562	0.700-0.783	0.723	158.663	3	0
Motivation	MO	3	0.747	0.405-0.562	0.511-0.634	0.771-0.857	0.666	228.199	3	0
Decision Authority	DA	3	0.692	0.319-0.508	0.444-0.596	0.737-0.848	0.634	233.129	6	0
Social Skill	SS	3	0.768	0.471-0.564	0.574-0.641	0.806-0.854	0.690	203.386	3	0
Technical Skill	TS	3	0.786	0.492-0.675	0.534-0.672	0.769-0.872	0.675	273.900	3	0

5.5 Constructs Considered in the Research Models

The proposed customer perspective research model comprised eight constructs; no exogenous latent construct and seven endogenous latent constructs (MO, DA, TS, SS, CS, CR, & EC) and one latent construct (COSE) (Please see Table 5.2(a) and Figure 5.1); whereas the proposed employee perspective research model comprised ten constructs; five exogenous latent constructs (EE, PF, RW, WS & TG), four endogenous latent constructs (MO, DA, TS & SS) and one latent construct (COSE) [Please see Table 5.2(b) and Figure 5.2]. An exogenous construct is a latent, multi-item equivalent to independent variables; it is not affected by any other construct in the model. Endogenous construct is latent, multi-item equivalent to dependent variable; it is a construct that is affected by other constructs in the model (Hair *et al.*, 2006; Sharma, 1996). A latent construct cannot be measured directly but can be measured by one or more variables. These measured variables are used as the indicators of latent constructs (Hair *et al.*, 2006). In this study, latent constructs were identified based on extant literature. Each construct comprised of at least three items and not more than four items.

This research analysed the data based on the two-step approach as recommended by Anderson *et al.* (1988). *First*, the measurement models depicted in Figures 5.1 and 5.2, were evaluated using SPSS 15 (already discussed in this chapter in section 5.1.1- 5.1.3) to ensure the unidimensionality, reliability and validity of each construct. The *second* step involved the assessment of the structural model using LISREL 8.5 which shows the relationships between the constructs. By using this two-step approach, the typical problem of not being able to localise the source of poor model fit associated with the single-step approach was overcome (Kline, 2005). The single-step approach, which was not followed, involves assessing measurement and structural models simultaneously (Singh *et al.*, 2001).

Table 5.2(a): Summary of Proposed Customer Perspective Model

Construct	Description of the Construct	No. of Items
CR	Customer Retention**	4
CS	Customer Satisfaction**	4
DA	Decision Making Authority**	3
EC	Emotional Commitment**	4
MO	Motivation**	3
SS	Social Skills**	3
TS	Technical Skill**	3
COSE	Customer Orientation of service Employee***	

*** =Latent Construct

** = Endogenous Latent Construct

Fig. 5.1: Conceptual Model of COSE (Customer Perspective)

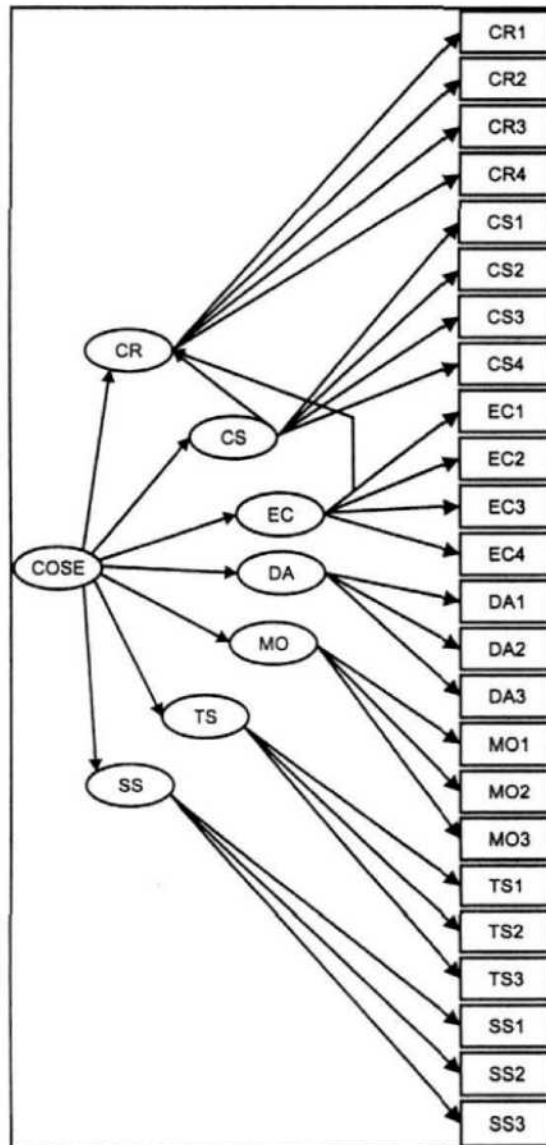


Table 5.2(b): Summary of Proposed Employee Perspective Model

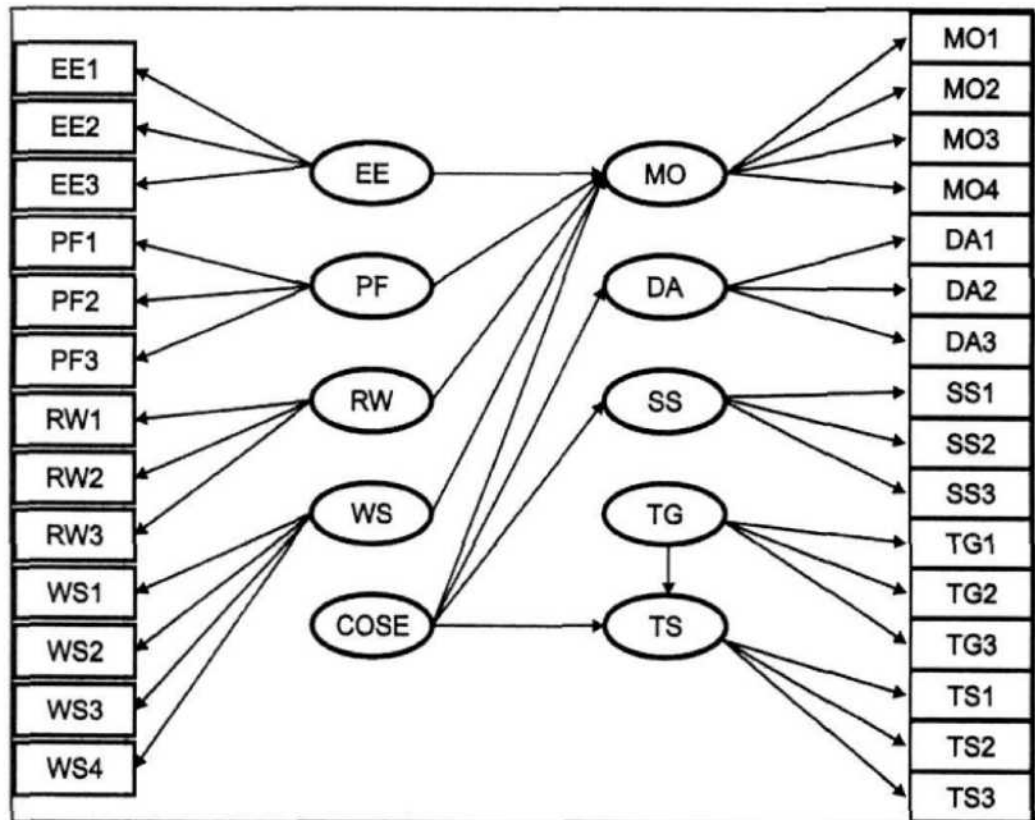
Construct	Description of the Construct	No. of Items
EE	External Equity*	3
WS	Work Standard*	4
PF	Perceived Fairness*	3
RW	Reward*	3
MO	Motivation**	4
DA	decision Making Authority**	3
SS	Social Skills**	3
TG	Training*	3
TS	Technical Skill**	3
COSE	Customer Orientation of service Employee***	

***= Latent Construct

** = Endogenous Latent Construct

* = Exogenous Latent Construct

Fig. 5.2: Conceptual Model of COSE (Employee Perspective)



5.6 Measures of Fit

Assessing whether a specified model fits the data is one of the most important steps in Structural Equation Modelling (Yuan, 2005). While assessing model fit, it is not necessary or realistic to include every index included in the LISREL's output. Further, since there are no golden rules for assessment of model fit, reporting a variety of indices is necessary (Crowley *et al.*, 1997) because different indices reflect different aspects of model fit. In a review by McDonald and Ho (2002) it was found that the most commonly reported fit indices are the CFI, GFI, NFI and the NNFI. Furthermore, Kline (2005) and Hayduk *et al.* (2007) asserted that the Chi-Square along with its degrees of freedom and associated *p* value should at all times be reported. Moreover, it is suggested by Hooper *et al.*, (2008) that it is sensible to report the Chi-Square statistic, its degrees of freedom and *p* value, the RMSEA and its associated confidence interval, the SRMR, the CFI and one parsimony fit index such as the PNFI. These indices have been chosen over other indices as they have been found to be the most insensitive to sample size, model misspecification and parameter estimates (Hooper *et al.*, 2008). In the light of the above, it was decided to report the Chi-Square and its degree of freedom, Normed Chi-square, RMSEA, SRMR, GFI, AGFI, CFI, NNFI and the PNFI. Table 5.35 lists these fit indices with their acceptable thresholds.

Table 5.3 Summary of the SEM Fit Indices with their Acceptable Thresholds

Fit Index	Acceptable Threshold Levels	Sources
Chi-Square χ^2	Lower χ^2 relative to degrees of freedom with $P > 0.05$	Hooper <i>et al.</i> , 2008
Normed χ^2 (χ^2/df)	Less than 2	Ullman, 2001; Tabachnik & Fidell, 2007
	Less than 3	Kline, 2005
	Less than 5	Schumacker & Lomax, 2004
RMSEA	Less than 0.10	Feinian Chen <i>et al.</i> , 2008; Schumacker <i>et al.</i> , 2004
SRMR	less than 0.08	Hu & Bentler, 1999
GFI	\geq than 0.9	Jöreskog & Sörbom, 2002
AGFI	greater than 0.9	Bentler & Bonett, 1980
CFI	greater than 0.9	Bentler & Bonett, 1980
NNFI	≥ 0.95	Hu & Bentler, 1999
Standardized Residuals	less than 2.58	Jöreskog & Sörbom, 2002
PNFI	no threshold levels	Hooper <i>et al.</i> , 2008

5.7 Fit Estimates

The proposed research models (see Figures 5.1 and 5.2), which adapted and incorporated aspects of many theories of technology acceptance as well as the literature of market or customer orientation of service employees in the field of relationship marketing, presents the possible influence of COSE on seven endogenous latent constructs (MO, DA, TS, SS, CS, CR, & EC), in customer perspective; and possible influence of COSE on four endogenous latent constructs (MO, DA, TS & SS) and effect of four exogenous latent constructs (EE, PF, RW, WS), on MO, influence of one exogenous latent constructs TG on TS in employee perspective.

5.8 Recommended Fit Indices

To use CFA for checking unidimensionality, a measurement model is specified for each construct. A goodness of fit index (GFI) of 0.90 or higher for the model suggests that evidence for unidimensionality exists (Jöreskog *et al.*, 2002). Apart from GFI, the fit for the model can be determined based on the following fit indices: Adjusted Goodness of Fit Index (AGFI) - greater than 0.9; Bentler's Comparative Fit Index (CFI)- greater than 0.9; Bentler and Bonett's Non-Normed Fit Index (NNFI)- greater than 0.9; Normed Fit Index (NFI)- greater than 0.9; standardized residuals- ideally less than 2.58 (Jöreskog *et al.*, 2002), zero or few in number are acceptable; value of <0.08 for Root Mean Square Error of Approximation (RMSEA) or even <0.1 is acceptable (Schumacker *et al.*, 2004); Root Mean Square Residual (RMR) should be < 0.1; Standardized RMR (SRMR) should be <0.08 (Hu *et al.*, 1999), and factor loadings should be statistically significant. The chi-square/df ratio value of 5, 3 or 2 or even less has been advocated as an acceptable level of fit for confirmatory factor models (Carmines *et al.*, 1981, Schumacker *et al.*, 2004). Another aspect of evaluating the measurement model is to examine the direction (positive), magnitude (standard loadings of 0.70 or even 0.50 is acceptable) and statistical significance ($t > 1.96$) of the parameter estimates between indicators and latent variables (Garver *et al.*, 1999; Steenkamp *et al.*, 1991).

When examining measurement model, theoretical considerations should always be used as the primary consideration. Not all indices are important. Many fit indices are

adversely affected by sample size. It is not possible to achieve perfect values for all indices (Garver *et al.*, 1999). Thus, as suggested by Garver *et al.* (1999), Jöreskog *et al.* (2002) and Lindquist *et al.* (2001) the areas of greater focus were GFI, AGFI, CFI, NFI, NNFI, RMSEA, and standardized residuals. Typically, a series of attempts to construct a more parsimonious, yet, stronger fitting model were carried out keeping the fit indices in mind.

Table 5.4 Summary of the SEM Fit Indices for Customer and Employee Models

Fit Indicators	Customer	Employee
χ^2 (df)	814 (249)	1405 (362)
χ^2/df	3.27	3.88
RMSEA	0.0882	0.0986
SRMR	0.0604	0.135
CFI	0.965	0.949
NNFI	0.961	0.943
GFI	0.811	0.751
AGFI	0.773	0.700
PNFI	0.857	0.829

5.8.1 The Absolute Fit Indices: Absolute fit indices provide the most fundamental indication of how well the proposed theory fits the data. (McDonald *et al.*, 2002; Hooper *et al.*, 2008). Included in this category are Chi-Squared test, RMSEA, SRMR, GFI, and AGFI.

- Chi-square χ^2 : It is a statistical fit index and the value obtained for the present study was within acceptable range.
- The RMSEA values for the two models viz. 0.0882 and 0.0986 indicate that the models have a moderately close fit.
- The SRMR values of the four models 0.0604 and 0.135 indicate a moderate close fit of the models.
- A goodness of fit index (GFI) values of 0.811 and 0.751 suggest that evidence for unidimensionality exists (Jöreskog *et al.*, 2002).
- Adjusted Goodness of Fit Index (AGFI) values are 0.773 and 0.7 which indicate an acceptable fit for the four models.

5.8.2 Normed Chi-square: Normed Chi-square is the minimum discrepancy divided by its degrees of freedom (χ^2 / df); the ratio should be close to 1 for correct models. This index might be less sensitive to sample size. Although Arbuckle (2005) claimed that it is not clear how far from 1 we should let the ratio get before concluding that a model is unsatisfactory. In contrast, Byrne (2006) suggested that ratio should not exceed 3 before it can be accepted. The criterion for acceptance varies across researchers, ranging from less than 2 (Ullman, 2001) to less than 5

(Schumacker *et al.*, 2004). The values of Normed chi-square viz. 3.27 and 3.88 are considered acceptable.

5.8.3 The Relative/ Incremental/ Comparative Fit Indices: Unlike the absolute fit indices, they do not measure how well the model fits in comparison to no model at all, but instead they rely on comparison with a baseline model (Jöreskog *et al.*, 1993). Included in this category are CFI and NNFI.

- Comparative Fit Index (CFI) values 0.965 and 0.949 indicate a close fit for the two models.
- Non-Normed Fit Index (NNFI) values 0.961 and 0.943 indicate a close fit of the four models.

5.8.4 Parsimony Fit Indices: A model high in parsimony (simplicity) is a model with relatively few parameters and relatively many degrees of freedom. On the other hand, a model with many parameters and few degrees of freedom is said to be complex or lacking in parsimony (Hooper *et al.*, 2008). Many fit measures represent an attempt to balance these two conflicting objectives - simplicity and goodness of fit. The values of Parsimony Normed Fit Index (PNFI) were 0.857 and 0.829 for the two models.

5.9 Path Analysis and Hypotheses Testing

The structural model was estimated by LISREL 8.50. A standardized path estimate was used with Maximum Likelihood. We ran two models, one from Customer Perspective and the other from Employee Perspective. The path coefficients (parameter estimates or standardised loadings) were used to assess the magnitude and direction of relationships and thus test the research hypotheses. If model fit was acceptable, the parameter estimates were examined.

5.9.1 Path Analysis and Results of Hypotheses Testing (Customer Perspective Model): The structural equation model results of Customer Perspective Model are given in Table 5.5 and presented in figure 5.3.

H_{C1}: The customer orientation of service employees has a positive influence on customer satisfaction.

The customer orientation of service employee (COSE) had significant direct and positive impact on customer satisfaction (CS) as indicated by the significant path from COSE to CS. Thus, hypothesis H_{C1} was not rejected.

H_{C2}: The customer orientation of service employees has a positive influence on emotional commitment.

The customer orientation of service employee (COSE) had significant direct and positive impact on customer emotional commitment (EC) as indicated by the significant path from COSE to EC. Thus, hypothesis **H_{C2}** was not rejected.

H_{C3}: The customer orientation of service employees has a positive direct influence on customer retention.

The customer orientation of service employee (COSE) had significant direct and positive impact on customer retention (CR) as indicated by the significant path from COSE to CR. Thus, hypothesis **H_{C3}** was not rejected.

H_{C4}: Customer satisfaction has a positive direct influence on customer retention.

The customer satisfaction (CS) had no significant direct and positive impact on customer retention (CR) as indicated by the significant path from CS to CR. Thus, hypothesis **H_{C4}** was rejected.

H_{C5}: Emotional commitment has a positive direct influence on customer retention.

The emotional commitment (EC) had significant direct and positive impact on customer retention (CR) as indicated by the significant path from EC to CR. Thus, hypothesis **H_{C5}** was not rejected.

H_{C6}: Customer orientation of service employee has a direct and positive influence on motivation.

The customer orientation of service employee (COSE) had significant direct and positive impact on motivation (MO) as indicated by the significant path from COSE to MO. Thus, hypothesis **H_{C6}** was not rejected.

H_{C7}: Customer orientation of service employee has a direct and positive influence on perceived decision making authority.

The customer orientation of service employee (COSE) had significant direct and positive impact on decision making authority (DA) as indicated by the significant path from COSE to DA. Thus, hypothesis **H_{C7}** was not rejected.

H_{C8}: Customer orientation of service employee has a direct and positive influence on technical skills.

The customer orientation of service employee (COSE) had significant direct and positive impact on technical skill (TS) as indicated by the significant path from COSE to TS. Thus, hypothesis **H_{C8}** was not rejected.

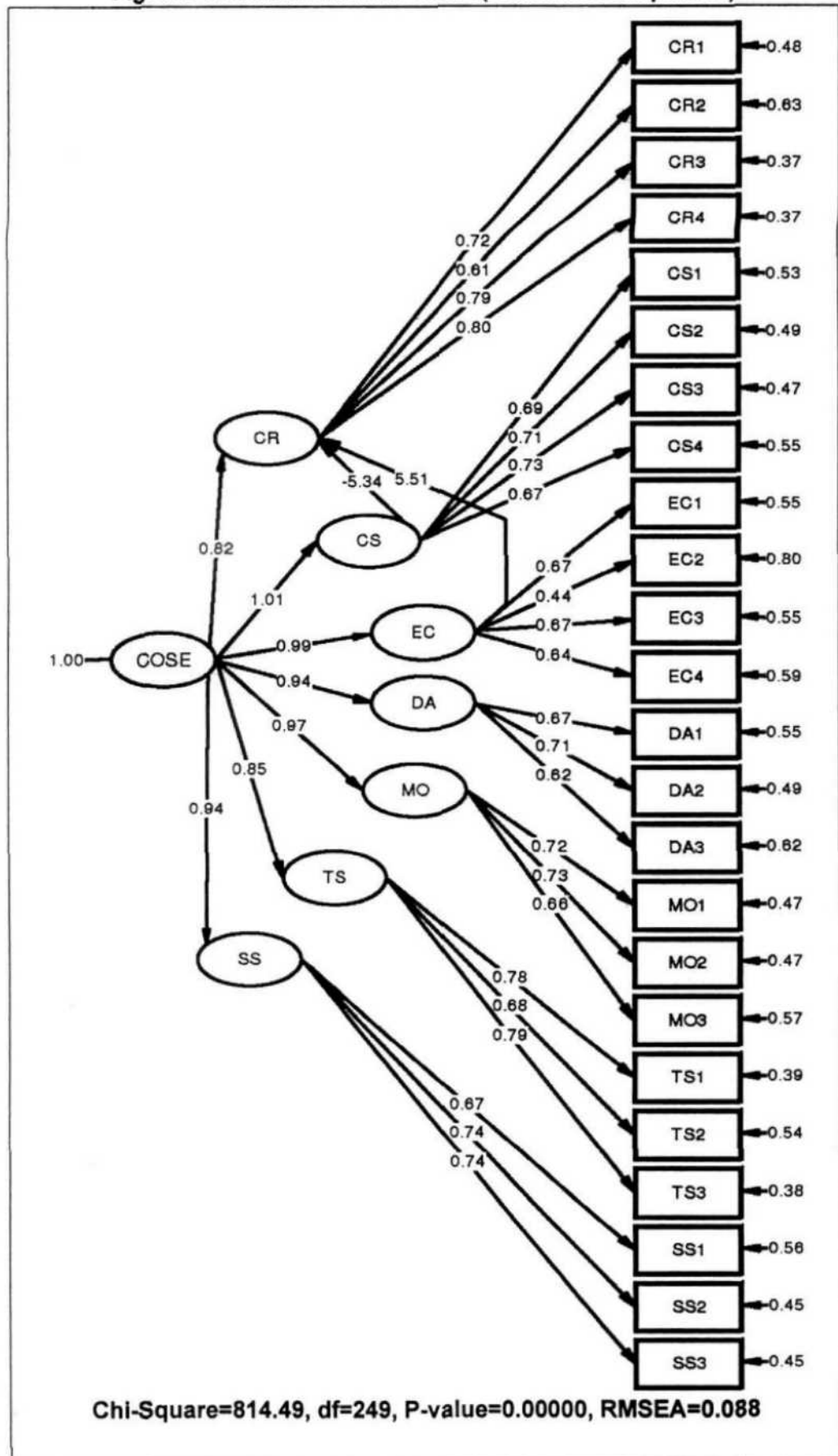
H_{C9}: Customer orientation of service employee has a direct and positive influence on social skills.

The customer orientation of service employee (COSE) had significant direct and positive impact on social skill (SS) as indicated by the significant path from COSE to SS. Thus, hypothesis **H_{C9}** was not rejected.

Table-5.5 Summary of Path Analysis & Results of Hypotheses Testing (Customer Perspective Model)

Hypothesis	Paths	Parameter Estimate	Result
H_{C1}	COSE→CS	1.01	Not Rejected
H_{C2}	COSE→EC	0.99	Not Rejected
H_{C3}	COSE→CR	0.82	Not Rejected
H_{C4}	CS→CR	-5.34	Rejected
H_{C5}	EC→CR	5.51	Not Rejected
H_{C6}	COSE→MO	0.97	Not Rejected
H_{C7}	COSE→DA	0.94	Not Rejected
H_{C8}	COSE→TS	0.85	Not Rejected
H_{C9}	COSE→SS	0.94	Not Rejected

Fig. 5.3: Structural Model of COSE (Customer Perspective)



5.9.2 Path Analysis and Results of Hypotheses Testing (Employee Perspective Models): The structural equation model results of Employee Perspective Model in NCR are given in Table 5.6 and presented in figures 5.4.

H_{E1}: Customer orientation of service employee has a direct and positive influence on motivation.

The customer orientation of service employee (COSE) had significant direct and positive impact on motivation (MO) as indicated by the significant path from COSE to MO. Thus, hypothesis H_{E1} was not rejected.

H_{E2}: Customer orientation of service employee has a direct and positive influence on perceived decision making authority.

The customer orientation of service employee (COSE) had significant direct and positive impact on decision making authority (DA) as indicated by the significant path from COSE to DA. Thus, hypothesis H_{E2} was not rejected.

H_{E3}: Customer orientation of service employee has a direct and positive influence on technical skills.

The customer orientation of service employee (COSE) had significant direct and positive impact on technical skill (TS) as indicated by the significant path from COSE to TS. Thus, hypothesis H_{E3} was not rejected.

H_{E4}: Customer orientation of service employee has a direct and positive influence on social skills.

The customer orientation of service employee (COSE) had significant direct and positive impact on social skill (SS) as indicated by the significant path from COSE to SS. Thus, hypothesis H_{E4} was not rejected.

H_{E5}: External equity has a direct and positive influence on motivation.

The external equity (EE) had significant direct and positive impact on motivation (MO) as indicated by the significant path from EE to MO. Thus, hypothesis H_{E5} was not rejected.

H_{E6}: Work standard has a direct and positive influence on motivation.

The work standard (WS) had no significant direct and positive impact on motivation (MO) as indicated by the significant path from WS to MO. Thus, hypothesis H_{E6} was not rejected.

H_{E7}: Perceived fairness has a direct and positive influence on motivation.

The perceived fairness (PF) had significant direct and positive impact on motivation (MO) as indicated by the significant path from PF to MO. Thus, hypothesis H_{E7} was not rejected.

H_{E8}: Reward has a direct and positive influence on motivation.

The reward (RW) had no significant direct and positive impact on motivation (MO) as indicated by the significant path from RW to MO. Thus, hypothesis H_{E8} was not rejected.

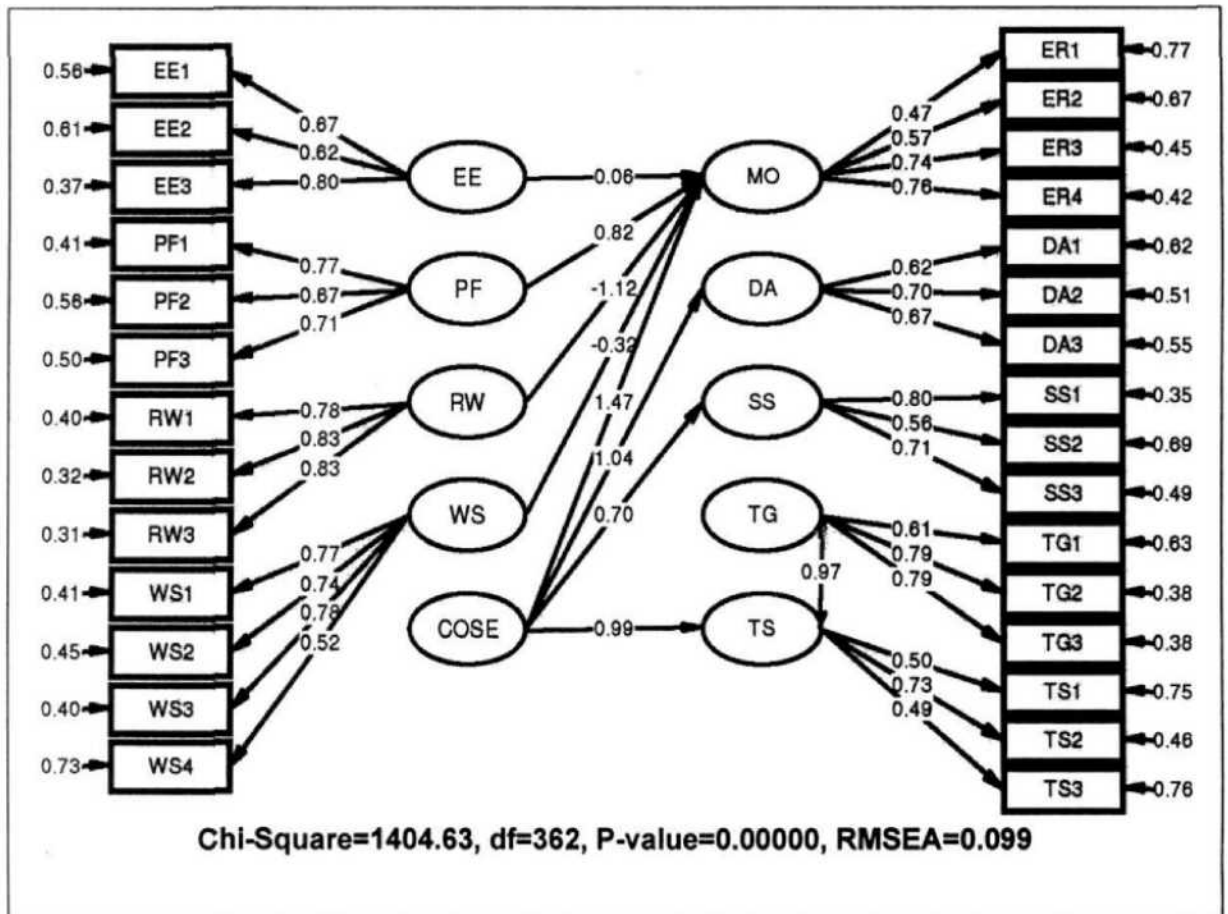
H_{E9}: Training has a direct and positive influence on technical skills.

The training (TS) had significant direct and positive impact on technical skill (TS) as indicated by the significant path from TS to TS. Thus, hypothesis H_{E9} was not rejected

Table-5.6 Summary of Path Analysis & Results of Hypotheses Testing (Employee Perspective Model)

Hypothesis	Paths	Parameter Estimate	Result
H _{E1}	COSE→MO	1.47	Not Rejected
H _{E2}	COSE→DA	1.04	Not Rejected
H _{E3}	COSE→TS	0.99	Not Rejected
H _{E4}	COSE→SS	0.70	Not Rejected
H _{E5}	EE→MO	0.06	Not Rejected
H _{E6}	WS→MO	-0.32	Rejected
H _{E7}	PF→MO	0.82	Not Rejected
H _{E8}	RW→MO	-1.12	Rejected
H _{E9}	TG→TS	0.97	Not Rejected

Fig. 5.4: Structural Model of COSE (Employee Perspective)



5.10 Demographic Characteristics of Respondents

The demographic profile of the respondents is presented in Table 5.7 (a) & (b). Total number of valid responses in the customer perspective were 293 and in the employee perspective total number of responses were 297 out of 350 total number of respondents in each case.

Table 5.7 (a): Summary of Demographic Characteristics (Customers)

	Frequency	Percentage
Gender		
Male	208	71.0
Female	85	29.0
Age group (Years)		
Up to 20	50	17.1
21-30	99	33.8
31-40	66	22.5
41-50	48	16.4
More than 50	30	10.2
Education		
Up to High School	20	6.8
Intermediate	73	24.9
Graduate	134	45.8
Post Graduate	66	22.5
Annual Income		
Up to 2 lac	102	34.8
2 lac-5 lac	123	42.0
More than 5 lac	68	23.2
Category of Operator		
Public Sector	138	47.1
Private Sector	155	52.9

Table 5.7(b): Summary of Demographic Characteristics (Employees)

	Frequency	Percentage
Gender		
Male	259	87.2
Female	38	12.8
Age group (Years)		
Up to 30	94	31.6
31-45	113	38.1
More than 45	90	30.3
Education		
Up to High School	42	14.1
Intermediate	27	9.1
Graduate	109	36.7
Professional	119	40.1
Category		
Executive	161	54.2
Non-Executive	136	45.8
Number of Years in the Organization		
Up to 10	163	54.9
11 to 20	51	17.2
More than 20	83	27.9
Category of Operator		
Public Sector	173	58.2
Private Sector	124	41.8

5.11 Test of Differences (Independent Sample T-Test)

Univariate hypothesis test using T- distribution is used when the standard deviation is unknown and sample size is small. It is used for identifying mean differences between two sets of data or data in different conditions (Malhotra, 2005). T-Test may be applied to get the mean and standard deviation, degree of freedom, T- values and significance level.

T-test was employed on the constructs of the study to explore whether there exist significant differences between the public and private sector telecom service providers in the NCR in terms of the various constructs of the study. To analyze the data using independent samples T-test, SPSS 15 package was used. Before the use of t-tests, Levene's test was applied to check for assumption of homogeneity

of variance, if the significance for the Levene's test was 0.05 or below, the "Equal Variances Not Assumed" test was used, otherwise the "Equal Variances Assumed" test results were used (Field, 2006).

The American Psychological Association recommends that all psychologists report the effect size in the result of any published work. Field (2006) posits that just because a test statistics is significant doesn't mean that the effect it measures is meaningful or important. The solution to this criticism is to measure the size of the effect that we are testing in a standardized way. Effect sizes are useful because they provide an objective measure of the importance of an effect. So, when we measure the size of an effect (the strength of relationship between variables) it is known as an *effect size*. The suggested formula to calculate the effect size considered is given below:

$$r = \sqrt{\frac{t^2}{t^2 + df}}$$

Cohen (1988) has suggested what constitutes a large or small effect. That is, (r=0.10: small effect), (r= 0.30: medium effect), and (r= 0.50: large effect).

5.11.1 Employee Perspective: T-test was employed to study the differences between the employees of public and private sector telecom service providers. As public sector operators are comparatively new in the field while the public sector operators, *i.e.* BSNL and MTNL are providing services for more than 150 years, and most of the employees are tuned to the monopolistic environment. So it was expected that there may exist significant difference between the employee of the public and private sector employees on various constructs of the studied model. T-test was also employed for investigating the differences between the employees of executive and non-executive categories.

Table: 5.8(a) Group Statistics for Employees of Public-Private Service Providers

		N	Mean	Std. Deviation	Std. Error Mean
MO	Public	174	2.0819	0.87108	.06604
	Private	123	2.8821	1.23861	.11168
DA	Public	174	2.2682	0.93438	.07083
	Private	123	3.0461	1.50973	.13613
SS	Public	174	2.0096	1.07487	.08149
	Private	123	2.3848	1.11296	.10035
TS	Public	174	2.3831	1.09360	.08291
	Private	123	2.7751	1.34320	.12111

Table: 5.8(b) Independent Samples Test of Employees of Public-Private Service Providers

		Levene's Test for Equality of Variances		T-test for Equality of Means			
		F	Sig.	t	df	r*	Sig. (2-tailed)
MO	Equal variances assumed	33.372	.000	-6.538	295	0.355754	.000
	Equal variances not assumed			-6.168	204.587	0.395978	.000
DA	Equal variances assumed	32.119	.000	-5.475	295	0.30371	.000
	Equal variances not assumed			-5.069	187.327	0.347304	.000
SS	Equal variances assumed	.024	.877	-2.920	295	0.167604	.004
	Equal variances not assumed			-2.903	257.097	0.178154	.004
TS	Equal variances assumed	7.872	.005	-2.765	295	0.158938	.006
	Equal variances not assumed			-2.670	227.844	0.174182	.008

*calculated by formula $r = \sqrt{\frac{t^2}{t^2 + df}}$

H_{1ED} Significant differences do not exist between the employees of public and private sector companies on the dimension *motivation*.

Significant differences were observed between employees of public sector telecom service providers (M = 2.08, SD = 0.87) and employees of private sector telecom service providers (M = 2.88, SD = 1.23) as $p < 0.05$ on the dimension *motivation*. The employees of public sector telecom service providers were close to 'moderately agree' and thus comparatively more motivated than counterparts in private sector. The effect size was medium ($r = 0.39$) [please, see Tables 5.10 (a) and (b)]. Thus, the hypothesis was **rejected**.

H_{2ED} Significant differences do not exist between the employees of public and private sector companies on the dimension *decision making authority*.

Significant difference was observed between employees of public sector telecom service providers (M = 2.26, SD = 0.93) and employees of private sector telecom service providers (M = 3.05, SD = 1.50) respondents as $p < 0.05$ on the dimension *decision making authority*. The employees of public sector telecom service providers were close to 'moderately agree' while responses from those in private sector were near to 'agree a little'. In short, employees of public sector telecom service perceive themselves to be more empowered in decision making than counterparts in private sector. The effect size was medium ($r = 0.35$) [please, see Tables 5.10 (a) and (b)]. Thus, the hypothesis was **rejected**.

H_{3ED} Significant differences do not exist between the employees of public and private sector companies on the dimension *social skill*.

Significant difference was observed between employees of public sector telecom service providers ($M = 2.01$, $SD = 1.07$) and employees of private sector telecom service providers ($M = 2.38$, $SD = 1.11$) respondents as $p < 0.05$ on the dimension social skill. The employees of public sector telecom service providers were near to 'moderately agree' and possess more social skills than employees of private sector telecom service providers. The effect size was small ($r = 0.17$) [please, see Tables 5.10 (a) and (b)]. Thus, the hypothesis was **rejected**.

H_{4ED} Significant differences do not exist between the employees of public and private sector companies on the dimension *technical skill*.

Significant difference was observed between employees of public sector telecom service providers ($M = 2.38$, $SD = 1.09$) and employees of private sector telecom service providers ($M = 2.78$, $SD = 1.34$) respondents as $p < 0.05$ on the dimension technical skill. The employees of public sector telecom service providers were near to 'moderately agree' and in more agreement with the items than employees of private sector telecom service providers. The effect size was small ($r = 0.17$) [please, see Tables 5.10 (a) and (b)]. Thus, the hypothesis was **rejected**.

From the above discussion, it is clear that there exist significant difference between employees of public and private sector companies on all the four dimensions of the study. The employees of public sector companies were more motivated, possessing more decision making authority, and technical and social skills. (For more detailed discussion, please see Chapter 6). T-test results for the executive and non executive categories of employees are as follows:

Table: 5.9(a) Group Statistics for Executive and Non Executive Employees

	Level in the organization	N	Mean	Std. Deviation	Std. Error Mean
EE	Executive	163	2.7975	1.42264	.11143
	Non Executive	134	2.5622	1.29417	.11180
MO	Executive	163	2.5184	1.09944	.08611
	Non Executive	134	2.2854	1.11304	.09615
DA	Executive	163	2.6339	1.28685	.10079
	Non Executive	134	2.5373	1.23775	.10692
PF	Executive	163	2.9796	1.40580	.11011
	Non Executive	134	2.5423	1.56169	.13491
RW	Executive	163	3.0716	1.74772	.13689
	Non Executive	134	2.6343	1.59567	.13784
SS	Executive	163	2.1943	1.03758	.08127
	Non Executive	134	2.1294	1.18393	.10228
TG	Executive	163	2.6585	1.40494	.11004
	Non Executive	134	2.5871	1.33094	.11498
TS	Executive	163	2.5153	1.12229	.08790
	Non Executive	134	2.5821	1.32560	.11451
WS	Executive	163	2.8604	1.47120	.11523
	Non Executive	134	2.8396	1.14560	.09897

Table: 5.9(b) Independent Samples Test for Executive and Non Executive Employees

		Levene's Test		t-test for Equality of Means			
		F	Sig.	t	df	r*	Sig. (2-tailed)
EE	Equal variances assumed	1.284	.258	1.477	295	0.085678	.141
	Equal variances not assumed			1.491	291.956	0.08693	.137
MO	Equal variances assumed	.043	.835	1.807	295	0.10463	.072
	Equal variances not assumed			1.805	282.639	0.106751	.072
DA	Equal variances assumed	.182	.670	.655	295	0.038108	.513
	Equal variances not assumed			.658	287.811	0.038757	.511
PF	Equal variances assumed	1.872	.172	2.537	295	0.146124	.012
	Equal variances not assumed			2.511	270.622	0.150891	.013
RW	Equal variances assumed	1.713	.192	2.231	295	0.128812	.026
	Equal variances not assumed			2.251	291.737	0.130659	.025
SS	Equal variances assumed	3.045	.082	.503	295	0.029273	.615
	Equal variances not assumed			.497	266.688	0.03042	.620
TG	Equal variances assumed	1.966	.162	.446	295	0.025958	.656
	Equal variances not assumed			.449	289.104	0.026398	.654
TS	Equal variances assumed	2.012	.157	-.470	295	0.027354	.639
	Equal variances not assumed			-.462	261.405	0.028563	.644
WS	Equal variances assumed	10.918	.001	.134	295	0.007802	.893
	Equal variances not assumed			.137	294.174	0.007987	.891

*calculated by formula $r = \sqrt{\frac{t^2}{t^2 + df}}$

H_{1EN}. Significant differences do not exist between employees belonging to executive and non-executive levels on the dimension-*External Equity*.

Significant difference was not observed between executive (M = 2.80, SD = 1.42) and non executive (M = 2.56, SD = 1.29) respondents of telecom service providers as $p > 0.05$ on the dimension external equity. Both the categories of employees were near to little agreement with the items. The effect size was very small ($r = 0.09$) [please, see Tables 5.11 (a) and (b)]. Thus, the hypothesis was **not rejected**.

H_{2EN}. Significant differences do not exist between employees belonging to executive and non-executive levels on the dimension-*Motivation*.

Significant difference was not observed between executive (M = 2.51, SD = 1.10) and non executive (M = 2.28, SD = 1.11) respondents of telecom service providers as $p > 0.05$ on the dimension motivation. Both the categories of employees were near to little agreement with the items. The effect size was very small ($r = 0.10$) [please, see Tables 5.11 (a) and (b)]. Thus, the hypothesis was **not rejected**.

H_{3EN}. Significant differences do not exist between employees belonging to executive and non-executive levels on the dimension- *Decision Making Authority*.

Significant difference was not observed between executive ($M = 2.63$, $SD = 1.29$) and non executive ($M = 2.53$, $SD = 1.24$) respondents of telecom service providers as $p > 0.05$ on the dimension decision making authority. Both the categories of employees were near to little agreement with the items. The effect size was very small ($r = 0.04$) [please, see Tables 5.11 (a) and (b)]. Thus, the hypothesis was **not rejected**.

H_{4EN}. Significant differences do not exist between employees belonging to executive and non-executive levels on the dimension- *Perceived Fairness*.

Significant difference was observed between executive ($M = 2.97$, $SD = 1.40$) and non executive ($M = 2.54$, $SD = 1.56$) respondents of telecom service providers as $p < 0.05$ on the dimension perceived fairness. The executives were near to little agreement with the items whereas non executives were midway between 'little agree' and 'moderately agree' with the items. The effect size was small ($r = 0.15$) [please, see Tables 5.11 (a) and (b)]. Thus, the hypothesis was **rejected**.

H_{5EN}. Significant differences do not exist between employees belonging to executive and non-executive levels on the dimension- *Reward*.

Significant difference was observed between executive ($M = 3.07$, $SD = 1.74$) and non executive ($M = 2.63$, $SD = 1.60$) respondents of telecom service providers as $p < 0.05$ on the dimension reward. The executives were near to little agreement with the items whereas non executives were about midway between 'little agree' and 'moderately agree' with the items. The effect size was small ($r = 0.13$) [please, see Tables 5.11 (a) and (b)]. Thus, the hypothesis was **rejected**.

H_{6EN}. Significant differences do not exist between employees belonging to executive and non-executive levels on the dimension- *Social Skill*.

Significant difference was not observed between executive ($M = 2.19$, $SD = 1.04$) and non executive ($M = 2.12$, $SD = 1.18$) respondents of telecom service providers as $p > 0.05$ on the dimension decision making authority. Both categories of employees were near to 'moderately agree' with the items. The effect size was very small ($r = 0.03$) [please, see Tables 5.11 (a) and (b)]. Thus, the hypothesis was **not rejected**.

H_{7EN}. Significant differences do not exist between employees belonging to executive and non-executive levels on the dimension- *Training*.

Significant difference was not observed between executive ($M = 2.66$, $SD = 1.40$) and non executive ($M = 2.59$, $SD = 1.33$) respondents of telecom service providers as $p > 0.05$ on the dimension training. Both categories of employees were near to little agreement with the items. The effect size was very small ($r = 0.03$) [please, see Tables 5.11 (a) and (b)]. Thus, the hypothesis was **not rejected**.

H_{8EN}. Significant differences do not exist between employees belonging to executive and non-executive levels on the dimension- *Technical Skill*.

Significant difference was not observed between executive (M = 2.52, SD = 1.12) and non executive (M = 2.58, SD = 1.33) respondents of telecom service providers as $p > 0.05$ on the dimension technical skill. Both categories of employees were near to little agreement with the items. The effect size was very small ($r = 0.03$) [please, see Tables 5.11 (a) and (b)]. Thus, the hypothesis was **not rejected**.

H_{9EN}. Significant differences do not exist between employees belonging to executive and non-executive levels on the dimension- *Work Standard*.

Significant difference was not observed between executive (M = 2.86, SD = 1.47) and non executive (M = 2.84, SD = 1.15) respondents of telecom service providers as $p > 0.05$ on the dimension work standard. Both categories of employees were near to little agreement with the items. The effect size was very small ($r = 0.01$) [please, see Tables 5.11 (a) and (b)]. Thus, the hypothesis was **not rejected**.

5.11.2 Customer Perspective: T-test was employed to explore the difference between the public and private sector customers on the constructs of the model. ANOVA was employed to find out the differences in the perceptions of the customers based upon age and education of the customers, about the constructs of the model. Following is the results of T-test based upon public and private sector customers:

Table: 5.10(a) Group statics of Customers of Public-Private Service Providers

		N	Mean	Std. Deviation	Std. Error Mean
CR	Public	138	2.3134	1.27478	.10852
	Private	155	2.9194	1.43725	.11544
CS	Public	138	2.3279	1.26894	.10802
	Private	155	2.7968	1.29897	.10434
DA	Public	138	2.7729	1.42107	.12097
	Private	155	2.8989	1.27206	.10217
EC	Public	138	2.3768	1.22111	.10395
	Private	155	2.9565	1.25102	.10048
MO	Public	138	2.5580	1.27942	.10891
	Private	155	2.8516	1.29554	.10406
SS	Public	138	2.4831	1.31068	.11157
	Private	155	2.7333	1.26183	.10135
TS	Public	138	2.4396	1.31926	.11230
	Private	155	2.8538	1.31869	.10592

Table: 5.10(b) Independent Samples Test for Customers of Public-Private Service Providers

		Levene's Test		t-test for Equality of Means			
		F	Sig.	t	df	r*	Sig. (2-tailed)
CR	Equal variances assumed	2.762	.098	-3.798	291	0.217322	.000
	Equal variances not assumed			-3.825	290.997	0.218794	.000
CS	Equal variances assumed	.017	.895	-3.118	291	0.179802	.002
	Equal variances not assumed			-3.122	288.491	0.18078	.002
DA	Equal variances assumed	.791	.375	-.801	291	0.046904	.424
	Equal variances not assumed			-.796	276.850	0.047785	.427
EC	Equal variances assumed	.264	.608	-4.004	291	0.228508	.000
	Equal variances not assumed			-4.009	288.534	0.229703	.000
MO	Equal variances assumed	.702	.403	-1.948	291	0.113456	.052
	Equal variances not assumed			-1.949	287.878	0.11412	.052
SS	Equal variances assumed	.231	.631	-1.664	291	0.097085	.097
	Equal variances not assumed			-1.660	284.219	0.097991	.098
TS	Equal variances assumed	.283	.595	-2.683	291	0.15537	.008
	Equal variances not assumed			-2.683	287.066	0.156405	.008

*calculated by formula $r = \sqrt{\frac{t^2}{t^2 + df}}$

H_{1CD} Significant differences do not exist between the customers of Public and Private sector companies on the dimension- *Customer Retention*.

Significant difference was observed between customers of public sector telecom service providers (M = 2.31, SD = 1.27) and customers of private sector telecom service providers (M = 2.91, SD = 1.44) respondents as $p < 0.05$ on the dimension customer retention. The customers of public sector telecom service providers were near to 'moderately agree' and customers of private sector telecom service providers were near to 'agree a little'. The effect size was small ($r = 0.21$) [please, see Tables 5.12 (a) and (b)]. Thus, the hypothesis was **rejected**.

H_{2CD} Significant differences do not exist between the customers of Public and Private sector companies on the dimension- *Customer Satisfaction*.

Significant difference was observed between customers of public sector telecom service providers (M = 2.33, SD = 1.27) and customers of private sector telecom service providers (M = 2.80, SD = 1.30) respondents as $p < 0.05$ on the dimension customer satisfaction. The customers of public sector telecom service providers were near to 'moderately agree' and customers of private sector telecom service providers were near to 'agree a little'. The effect size was small ($r = 0.17$) [please, see Tables 5.12 (a) and (b)]. Thus, the hypothesis was **rejected**.

➤ **H_{3CD}** Significant differences do not exist between the customers of Public sector and Private sector companies on the dimension- *Decision Making Authority*.

Significant difference was not observed between customers of public sector telecom service providers (M = 2.77, SD = 1.42) and customers of private sector telecom service providers (M = 2.90, SD = 1.27) respondents as $p > 0.05$ on the dimension decision making authority. The customers of both type of telecom service providers were near to 'agree a little'. The effect size was very small ($r = 0.05$) [please, see Tables 5.12 (a) and (b)]. Thus, the hypothesis was **not rejected**.

H_{4CD} Significant differences do not exists between the customers of Public and Private sector companies on the dimension- *Emotional Commitment*.

Significant difference was observed between customers of public sector telecom service providers (M = 2.38, SD = 1.22) and customers of private sector telecom service providers (M = 2.96, SD = 1.25) respondents as $p < 0.05$ on the dimension emotional commitment. The customers of public sector telecom service providers were near to 'moderately agree' and customers of private sector telecom service providers were near to 'agree a little'. The effect size was small ($r = 0.22$) [please, see Tables 5.12 (a) and (b)]. Thus, the hypothesis was **rejected**.

H_{5CD} Significant differences do not exists between the customers of Public and Private sector companies on the dimension- *Motivation*.

Significant difference was not observed between customers of public sector telecom service providers (M = 2.56, SD = 1.28) and customers of private sector telecom service providers (M = 2.85, SD = 1.30) respondents as $p > 0.05$ on the dimension motivation. The customers of both type of telecom service providers were near to 'agree a little'. The effect size was small ($r = 0.11$) [please, see Tables 5.12 (a) and (b)]. Thus, the hypothesis was **not rejected**.

H_{6CD} Significant differences do not exist between customers of public and private sector companies on the dimension *social skills*.

Significant difference was not observed between customers of public sector telecom service providers (M = 2.48, SD = 1.31) and customers of private sector telecom service providers (M = 2.73, SD = 1.26) respondents as $p > 0.05$ on the dimension social skill. The customers of both type of telecom service providers were near to 'agree a little'. The effect size was small ($r = 0.10$) [please, see Tables 5.12 (a) and (b)]. Thus, the hypothesis was **not rejected**.

H_{7CD} Significant differences do not exist between customers of public and private sector companies on the dimension *technical skills*.

Significant difference was observed between customers of public sector telecom service providers (M = 2.44, SD = 1.32) and customers of private sector telecom service providers (M = 2.85, SD = 1.31) respondents as $p < 0.05$ on the dimension technical skill. The customers of public sector telecom service providers were near to 'moderately agree' and customers of private sector telecom service providers were near to 'agree a little'. The effect size was small ($r = 0.16$) [please, see Tables 5.12 (a) and (b)]. Thus, the hypothesis was rejected.

5.12 One-Way ANOVA-Customer Perspective

The SPSS 15 statistical package was used to analyze the data using ANOVA module. In addition post-hoc analyses for multiple comparisons were carried out by using Scheffe's procedure as there was a slight difference in the sample sizes (Field, 2006). All statistical analyses were tested at (0.05) significance level. ANOVA was employed to find out the differences among various constructs of the customer's model based upon the age and education of the customers.

5.12.1 One-Way ANOVA Based Upon Age: Following are the results of ANOVA based upon the age of the respondents:

Table 5.11(a): Results of One-Way ANOVA (Descriptive for Age)

		N	Mean	Std. Deviation	Std. Error
CR	Up to 20 years	50	3.0150	1.31165	.18550
	Greater than 20 years Up to 50 years	213	2.5775	1.40391	.09619
	Greater than 50 years	30	2.4000	1.38744	.25331
	Total	293	2.6340	1.39416	.08145
CS	Up to 20 years	50	2.8900	1.03283	.14606
	Greater than 20 years Up to 50 years	213	2.5293	1.34301	.09202
	Greater than 50 years	30	2.3833	1.38142	.25221
	Total	293	2.5759	1.30397	.07618
DA	Up to 20 years	50	3.0067	1.28746	.18207
	Greater than 20 years Up to 50 years	213	2.7700	1.32970	.09111
	Greater than 50 years	30	3.0556	1.52145	.27778
	Total	293	2.8396	1.34345	.07849
EC	Up to 20 years	50	3.2300	1.28059	.18110
	Greater than 20 years Up to 50 years	213	2.5833	1.23902	.08490
	Greater than 50 years	30	2.4833	1.25591	.22930
	Total	293	2.6834	1.26846	.07410
MO	Up to 20 years	50	2.8867	1.23738	.17499
	Greater than 20 years Up to 50 years	213	2.6588	1.28955	.08836
	Greater than 50 years	30	2.8111	1.42685	.26051
	Total	293	2.7133	1.29412	.07560
SS	Up to 20 years	50	2.8533	1.42724	.20184
	Greater than 20 years Up to 50 years	213	2.5399	1.22906	.08421
	Greater than 50 years	30	2.7556	1.44353	.26355
	Total	293	2.6155	1.28894	.07530
TS	Up to 20 years	50	2.6933	1.28631	.18191
	Greater than 20 years Up to 50 years	213	2.6886	1.34334	.09204
	Greater than 50 years	30	2.3889	1.34786	.24608
	Total	293	2.6587	1.33288	.07787

Table 5.11(b): Results of One-Way ANOVA Procedure for Age

		Sum of Squares	df	Mean Square	F	Sig.
CR	Between Groups	9.582	2	4.791	2.490	.085
	Within Groups	557.973	290	1.924		
	Total	567.555	292			
CS	Between Groups	6.507	2	3.254	1.926	.148
	Within Groups	489.991	290	1.690		
	Total	496.498	292			
DA	Between Groups	3.828	2	1.914	1.061	.347
	Within Groups	523.188	290	1.804		
	Total	527.016	292			
EC	Between Groups	18.272	2	9.136	5.867	.003
	Within Groups	451.555	290	1.557		
	Total	469.827	292			
MO	Between Groups	2.422	2	1.211	.722	.487
	Within Groups	486.608	290	1.678		
	Total	489.029	292			
SS	Between Groups	4.634	2	2.317	1.398	.249
	Within Groups	480.487	290	1.657		
	Total	485.121	292			
TS	Between Groups	2.434	2	1.217	.684	.506
	Within Groups	516.325	290	1.780		
	Total	518.759	292			

Table 5.11(c): Post Hoc Scheffe results based upon the Age

Dependent Variable	Age Group	Age Group (Yrs)	Mean Difference	Std. Error	Sig.
CR	Up to 20 years	21 years to 50	0.43754	0.21798	0.135
	Up to 20 years	> 50	0.61500	0.32034	0.160
	21 years to 50	> 50	0.17746	0.2705	0.806
CS	Up to 20 years	21 years to 50	0.36066	0.20427	0.212
	Up to 20 years	> 50	0.50667	0.30019	0.242
	21 years to 50	> 50	0.14601	0.25348	0.847
DA	Up to 20 years	21 years to 50	0.23671	0.21107	0.534
	Up to 20 years	> 50	-0.04889	0.31019	0.988
	21 years to 50	> 50	-0.2856	0.26193	0.553
EC	Up to 20 years	21 years to 50	0.64667*	0.19609	0.005
	Up to 20 years	> 50s	0.74667*	0.28817	0.036
	21 years to 50	> 50	0.10000	0.24334	0.919
MO	Up to 20 years	21 years to 50	0.22782	0.20356	0.535
	Up to 20 years	> 50	0.07556	0.29915	0.969
	21 years to 50	> 50	-0.15227	0.25261	0.834
SS	Up to 20 years	21 years to 50	0.31343	0.20228	0.303
	Up to 20 years	> 50	0.09778	0.29726	0.947
	21 years to 50	> 50	-0.21565	0.25101	0.692
TS	Up to 20 years	21 years to 50	0.00476	0.20968	1.000
	Up to 20 years	> 50	0.30444	0.30815	0.614
	21 years to 50	> 50	0.29969	0.2602	0.516

H_{1CDA} Significant differences do not exist between customers based on age on the dimension *customer retention*.

The attitude towards customer retention was calculated for age group (up to 20 years) (Mean=3.02, *SD* = 1.31), age group (Greater than 20 years Up to 50 years) (Mean = 2.58, *SD* = 1.40), age group (Greater than 50 years) (Mean = 2.40, *SD* = 1.39), respondents. The ANOVA results indicated that significant differences did not exist between them at $F(2, 290) = 2.490$, $P > 0.05$. The responses of customers of all age groups were close to 'agree a little'. Thus, the above hypothesis was **not rejected** [please, see Tables 5.13 (a) and (b)].

H_{2CDA} Significant differences do not exist between the customers based on age on the dimension *customer satisfaction*.

The attitude towards customer satisfaction was calculated for age group (up to 20 years) (Mean=2.89, *SD* = 1.03), age group (Greater than 20 years Up to 50 years) (Mean = 2.53, *SD* = 1.34), age group (Greater than 50 years) (Mean = 2.38, *SD* = 1.38), respondents. The ANOVA results indicated that significant differences did not exist between them at $F(2, 290) = 1.926$, $P > 0.05$. The responses of customers of all age groups were close to 'agree a little'. Thus, the above hypothesis was **not rejected** [please, see Tables 5.13 (a) and (b)].

H_{3CDA} Significant differences do not exist between the customers based on age on the dimension *decision making authority*.

The attitude towards decision making authority was calculated for age group (up to 20 years) (Mean=3.00, *SD* = 1.28), age group (Greater than 20 years Up to 50 years) (Mean = 2.77, *SD* = 1.32), age group (Greater than 50 years) (Mean = 3.06, *SD* = 1.52), respondents. The ANOVA results indicated that significant differences did not exist between them, $F(2, 290) = 1.061$, $P > 0.05$. The responses of customers of all age groups were close to 'agree a little'. Thus, the above hypothesis was **not rejected** [please, see Tables 5.13 (a) and (b)].

H_{4CDA} Significant differences do not exist between the customers based on age on the dimension *emotional commitment*.

The attitude towards emotional commitment was calculated for age group (up to 20 years) (Mean=3.23, *SD* = 1.28), age group (Greater than 20 years Up to 50 years) (Mean = 2.58, *SD* = 1.24), age group (Greater than 50 years) (Mean = 2.48, *SD* = 1.26), respondents. The ANOVA results indicated that significant differences exist between them, $F(2, 290) = 5.867$, $P < 0.05$. The responses of customers of the age group 'up to 20 years' fell between 'agree a little' and 'neither agree nor disagree' but for other two groups it was between 'moderately agree' and 'agree a little'. Thus, the above hypothesis was **rejected** [please, see Tables 5.13 (a) and (b)].

The above findings are supported by Post Hoc Scheffe Test results [Table 5.13 (c)]. There exist significant difference between the groups 'upto 20 years' and other two groups ($P < 0.05$).

H_{5CDA} Significant differences do not exist between the customers based on age on the dimension *motivation*.

The attitude towards decision making authority was calculated for age group (up to 20 years) (Mean=2.89, $SD = 1.24$), age group (Greater than 20 years Up to 50 years) (Mean = 2.66, $SD = 1.29$), age group (Greater than 50 years) (Mean = 2.81, $SD = 1.43$), respondents. The ANOVA results indicated that significant differences did not exist between them at $F(2, 290) = 0.722$, $P > 0.05$. The responses of customers of all age groups were close to 'agree a little'. Thus, the above hypothesis was **not rejected** [please, see Tables 5.13 (a) and (b)].

H_{6CDA} Significant differences do not exist between the customers based on age on the dimension *social skill*.

The attitude towards decision making authority was calculated for age group (up to 20 years) (Mean=2.85, $SD = 1.43$), age group (Greater than 20 years Up to 50 years) (Mean = 2.54, $SD = 1.23$), age group (Greater than 50 years) (Mean = 2.38, $SD = 1.35$), respondents. The ANOVA results indicated that significant differences did not exist between them at $F(2, 290) = 1.398$, $P > 0.05$. The responses of customers of all age groups were close to 'agree a little'. Thus, the above hypothesis was **not rejected** [please, see Tables 5.13 (a) and (b)].

H_{7COA} Significant differences do not exist between the customers based on age on the dimension *technical Skill*.

The attitude towards decision making authority were calculated for age group (up to 20 years) (Mean=2.69, $SD = 1.29$), age group (Greater than 20 years Up to 50 years) (Mean = 2.69, $SD = 1.34$), age group (Greater than 50 years) (Mean = 2.39, $SD = 1.35$), respondents. The ANOVA results indicated that significant differences did not exist between them at $F(2, 290) = 0.684$, $P > 0.05$. The responses of customers of all age groups were close to 'agree a little'. Thus, the above hypothesis was **not rejected** [please, see Tables 5.13 (a) and (b)].

5.12.2 One-Way ANOVA Based Upon Education: Following are the results based upon the education of the respondents on the constructs of the study from the customer perspective:

Table 5.12(a): One-Way ANOVA (Descriptive based upon the Education)

		N	Mean	Std. Deviation	Std. Error
CR	Up to Intermediate	93	2.6828	1.25442	.13008
	Graduate	134	2.8190	1.46205	.12630
	Professional	66	2.1894	1.36231	.16769
	Total	293	2.6340	1.39416	.08145
CS	Up to Intermediate	93	2.6586	1.19770	.12420
	Graduate	134	2.7369	1.39626	.12062
	Professional	66	2.1326	1.16456	.14335
	Total	293	2.5759	1.30397	.07618
DA	Up to Intermediate	93	2.7133	1.14903	.11915
	Graduate	134	3.0945	1.43859	.12427
	Professional	66	2.5000	1.31559	.16194
	Total	293	2.8396	1.34345	.07849
EC	Up to Intermediate	93	2.7715	1.24981	.12960
	Graduate	134	2.8414	1.25751	.10863
	Professional	66	2.2386	1.23213	.15166
	Total	293	2.6834	1.26846	.07410
MO	Up to Intermediate	93	2.6272	1.14825	.11907
	Graduate	134	2.9701	1.37252	.11857
	Professional	66	2.3131	1.22213	.15043
	Total	293	2.7133	1.29412	.07560
SS	Up to Intermediate	93	2.7025	1.21530	.12602
	Graduate	134	2.7065	1.28356	.11088
	Professional	66	2.3081	1.37040	.16868
	Total	293	2.6155	1.28894	.07530
TS	Up to Intermediate	93	2.6631	1.28959	.13372
	Graduate	134	2.8209	1.36103	.11757
	Professional	66	2.3232	1.29162	.15899
	Total	293	2.6587	1.33288	.07787

Table 5.12(b): Results of One-Way ANOVA Procedure for Education

		Sum of Squares	df	Mean Square	F	Sig.
CR	Between Groups	17.856	2	8.928	4.710	.010
	Within Groups	549.699	290	1.896		
	Total	567.555	292			
CS	Between Groups	17.083	2	8.541	5.167	.006
	Within Groups	479.415	290	1.653		
	Total	496.498	292			
DA	Between Groups	17.804	2	8.902	5.070	.007
	Within Groups	509.212	290	1.756		
	Total	527.016	292			
EC	Between Groups	17.124	2	8.562	5.485	.005
	Within Groups	452.704	290	1.561		
	Total	469.827	292			
MO	Between Groups	20.098	2	10.049	6.215	.002
	Within Groups	468.931	290	1.617		
	Total	489.029	292			
SS	Between Groups	8.050	2	4.025	2.447	.088
	Within Groups	477.071	290	1.645		
	Total	485.121	292			
TS	Between Groups	10.955	2	5.477	3.128	.045
	Within Groups	507.805	290	1.751		
	Total	518.759	292			

Table 5.12(c): Post Hoc Scheffe Results for Education

Dependent Variable	Education	Education	Std. Error	Sig.
CR	Up to Intermediate	Graduate	0.18582	0.765
	Up to Intermediate	Professional	0.22159	0.086
	Graduate	Professional	0.20704	0.011
CS	Up to Intermediate	Graduate	0.17353	0.903
	Up to Intermediate	Professional	0.20694	0.041
	Graduate	Professional	0.19335	0.008
DA	Up to Intermediate	Graduate	0.17884	0.105
	Up to Intermediate	Professional	0.21327	0.607
	Graduate	Professional	0.19927	0.012
EC	Up to Intermediate	Graduate	0.16863	0.918
	Up to Intermediate	Professional	0.20109	0.031
	Graduate	Professional	0.18789	0.006
MO	Up to Intermediate	Graduate	0.17162	0.138
	Up to Intermediate	Professional	0.20466	0.309
	Graduate	Professional	0.19123	0.003
SS	Up to Intermediate	Graduate	0.17311	1
	Up to Intermediate	Professional	0.20643	0.163
	Graduate	Professional	0.19288	0.12
TS	Up to Intermediate	Graduate	0.17859	0.677
	Up to Intermediate	Professional	0.21298	0.282
	Graduate	Professional	0.19899	0.045

*. The mean difference is significant at the 0.05 level.

H_{1CDE} Significant differences do not exist between the customers based on education on the dimension *customer retention*.

The attitude towards customer retention was calculated based on education (up to Intermediate) (Mean=2.68, *SD* = 1.25), education (Graduate) (Mean = 2.82, *SD* = 1.46), education (Professional) (Mean = 2.19, *SD* = 1.36), of the respondents. The ANOVA results indicated that significant differences exist between them, $F(2, 290) = 4.710$, $P < 0.05$. The responses of customers with education 'Up to Intermediate' and 'Graduate' were close to 'agree a little' while for 'Professional' group it was close to 'moderately agree'. Thus, the above hypothesis was rejected [please, see Tables 5.14 (a) and (b)].

From the Post Hoc Scheffe results [Table 5.14 (c)] also this can be verified. There exist significant difference between the 'Graduate' and 'Professional' ($P < 0.05$).

H_{2CDE} Significant differences do not exist between the customers based on education on the dimension *customer satisfaction*.

The attitude towards customer satisfaction was calculated based on education (up to Intermediate) (Mean=2.66, *SD* = 1.20), education (Graduate) (Mean = 2.74, *SD* = 1.40), education (Professional) (Mean = 2.13, *SD* = 1.16), of the respondents. The ANOVA results indicated that significant differences exist between them, $F(2, 290) = 5.167$, $P < 0.05$. The responses of customers with education 'Up to Intermediate' and 'Graduate' were close to 'agree a little' while for 'Professional' education group it was close to 'moderately agree'. Thus, the above hypothesis was rejected [please, see Tables 5.14 (a) and (b)].

From the Post Hoc Scheffe results [Table 5.14 (c)] also this can be verified. There exist significant difference between the 'Intermediate' and 'Professional' & 'Graduate' and 'Professional' ($P < 0.05$).

H_{3CDE} Significant differences do not exist between the customers based on education on the dimension *decision making authority*.

The attitude towards decision making authority was calculated based on education (up to Intermediate) (Mean=2.71, *SD* = 1.15), education (Graduate) (Mean = 3.09, *SD* = 1.44), education (Professional) (Mean = 2.50, *SD* = 1.32), of the respondents. The ANOVA results indicated that significant differences exist between them, $F(2, 290) = 5.070$, $P < 0.05$. The responses of customers with education 'Up to Intermediate' and 'Professional' were between 'moderately agree' and 'agree a little' while for 'Graduate' education group it was close to 'agree a little' towards 'neither agree nor disagree'. Thus, the above hypothesis was rejected [please, see Tables 5.14 (a) and (b)].

From the Post Hoc Scheffe results [Table 5.14 (c)] also this can be verified. There exist significant difference between the 'Intermediate' and 'Graduate' & 'Graduate' and 'Professional' ($P < 0.05$).

H_{4CDE} Significant differences do not exist between the customers based on education on the dimension *emotional commitment*.

The attitude towards emotional commitment was calculated based on education (up to Intermediate) (Mean=2.77, *SD* = 1.25), education (Graduate) (Mean = 2.84, *SD* = 1.26), education (Professional) (Mean = 2.23, *SD* = 1.23), of the respondents. The ANOVA results indicated that significant differences exist between them, $F(2, 290) = 5.485$, $P < 0.05$. The responses of customers with education 'Up to Intermediate' and 'Graduate' were close to 'agree a little' while for 'Professional' education group it was close to 'moderately agree'. Thus, the above hypothesis was **rejected** [please, see Tables 5.14 (a) and (b)].

From the Post Hoc Scheffe results [Table 5.14 (c)] also this can be verified. There exist significant difference between the 'Intermediate' and 'Professional' & 'Graduate' and 'Professional' ($P < 0.05$).

H_{5CDE} Significant differences do not exist between the customers based on education on the dimension *motivation*.

The attitude towards motivation was calculated based on education (up to Intermediate) (Mean=2.63, *SD* = 1.15), education (Graduate) (Mean = 2.97, *SD* = 1.37), education (Professional) (Mean = 2.31, *SD* = 1.22), of the respondents. The ANOVA results indicated that significant differences exist between them, $F(2, 290) = 6.215$, $P < 0.05$. The responses of customers with education 'Up to Intermediate' and 'Graduate' were close to 'agree a little' while for 'Professional' education group it were close to 'moderately agree'. Thus, the above hypothesis was **rejected** [please, see Tables 5.14 (a) and (b)].

From the Post Hoc Scheffe results [Table 5.14 (c)] also this can be verified. There exist significant difference between 'Graduate' and 'Professional' ($P < 0.05$).

H_{6CDE} Significant differences do not exist between the customers based on education on the dimension *social skill*.

The attitude towards social skill was calculated based on education (up to Intermediate) (Mean=2.70, *SD* = 1.22), education (Graduate) (Mean = 2.70, *SD* = 1.28), education (Professional) (Mean = 2.30, *SD* = 1.37), of the respondents. The ANOVA results indicated that significant differences did not exist between them, $F(2, 290) = 2.447$, $P > 0.05$. The responses of customers of all groups were close to 'agree a little'. Thus, the above hypothesis was **not rejected** [please, see Tables 5.14 (a) and (b)].

H_{7CDE} Significant differences do not exist between the customers based on education on the dimension *technical skill*.

The attitude towards technical skill was calculated based on education (up to Intermediate) (Mean=2.66, *SD* = 1.29), education (Graduate) (Mean = 2.82, *SD* = 1.36), education (Professional) (Mean = 2.32, *SD* = 1.29), of the respondents. The ANOVA results indicated that significant differences exist between them, $F(2,$

290) = 3.128, $P < 0.05$. The responses of customers with education 'Up to Intermediate' and 'Graduate' were close to 'agree a little' while for 'Professional' education group it was close to 'moderately agree'. Thus, the above hypothesis was **rejected** [please, see Tables 5.14 (a) and (b)].

From the Post Hoc Scheffe results [Table 5.14 (c)] also this can be verified. There exist significant difference between 'Graduate' and 'Professional' ($P < 0.05$).

5.13 Test of Association

A cross tabulation describes two or more variables simultaneously. It is the merging of frequency distribution of two or more variables in single table (Malhotra, 2005). Here the purpose of the cross tabulation was to explore relationship between age group and educational background of customer and preferred service provider. Chi-square test was performed in order to explore these associations.

Table 5.13(a): Age Group and Preferred Service Provider Cross Tabulation

		Preferred Service Provider		
		Public	Private	Total
Age Group	Up to 20 years	13	37	50
	Greater than 20 years	101	112	213
	Up to 50 years			
	Greater than 50 years	24	6	30
	Total	138	155	293

Table 5.13(b): Chi-Square Tests: Age

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21.976 ^a	2	.000
Likelihood Ratio	23.155	2	.000
Linear-by-Linear Association	21.209	1	.000
N of Valid Cases	293		
a. 0 cells (.0%) have expected count less than 5. The min. expected count is 14.13.			

- **H_{IAA}**: There is no association between age of the customer and preferred service provider.

Significant association was found to exist between age of the customer and preference for telecom service provider. Thus, the hypothesis **H_{IAA}** was rejected.

Table 5.14(a): Education and Preferred Service provider Cross Tabulation

		Preferred Service Provider		
		Public	Private	Total
Education	Up to Intermediate	36	57	93
	Up to Graduate	70	64	134
	Professional	32	34	66
	Total	138	155	293

Table 5.14(b): Chi-Square Tests: Education

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.099 ^a	2	.129
Likelihood Ratio	4.126	2	.127
Linear-by-Linear Association	1.942	1	.163
N of Valid Cases	293		
a. 0 cells (.0%) have expected count less than 5. The min. expected count is 31.09.			

- **H2_{AE}**: There is no association between education of the customer and preferred telecom service provider.

Significant association was not found to exist between education background of the customer and preference for telecom service provider. Thus, the hypothesis **H2_{AE}** was not rejected.

5.14 Summary

This chapter started with the presentation of preliminary data analysis and results related to (1) the reliability of the instrument based on internal consistency of the measures by testing the Cronbach's alpha, KMO together with inter-item correlation, (2) the convergent validity of the constructs.

In the second part of this chapter, structural equation modelling (SEM) using LISREL 8.5 was used to assess the relationship between determinants and dimensions of COSE, and customer satisfaction, emotional commitment and customer retention, which constitute the core of this research. It attempted to investigate the factors that influence various dimensions of COSE. If properly

addressed by the service providers, these factors were expected to play important roles in maximising the revenue of the telecom companies.

The third part covered descriptive analysis associated with respondent's demographic data and chi-square test to investigate, the association between age group of customer and preferred service provider and education of the customer and preferred service provider.

The fourth part covered the test of differences comprising t-test and ANOVA. The purpose of t-tests was to examine whether there exist significant differences between the public sector and private sector telecom companies in the NCR, in terms of the various constructs of the study, based on the responses of customers as well as employees in NCR. T-test was also employed to examine the difference between executive and non-executive employees of the telecom service providers on various constructs of the study. On the other hand, ANOVA was employed to examine whether there exist significant differences between respondents based on age group and education of customers.

CHAPTER 6: FINDINGS & CONCLUSIONS

6.0 Introduction

The purpose of this chapter is to summarise and discuss the key findings of the study. This chapter starts with the discussion on the two models considered in the study i.e. customer perspective model and employee perspective model. In the next section findings associated with respondent's demographic characteristics, and test of association through Chi-Square test and test of differences through T-test and ANOVA for both models have been discussed.

6.1 Findings from Path Analysis: Customer Perspective Model

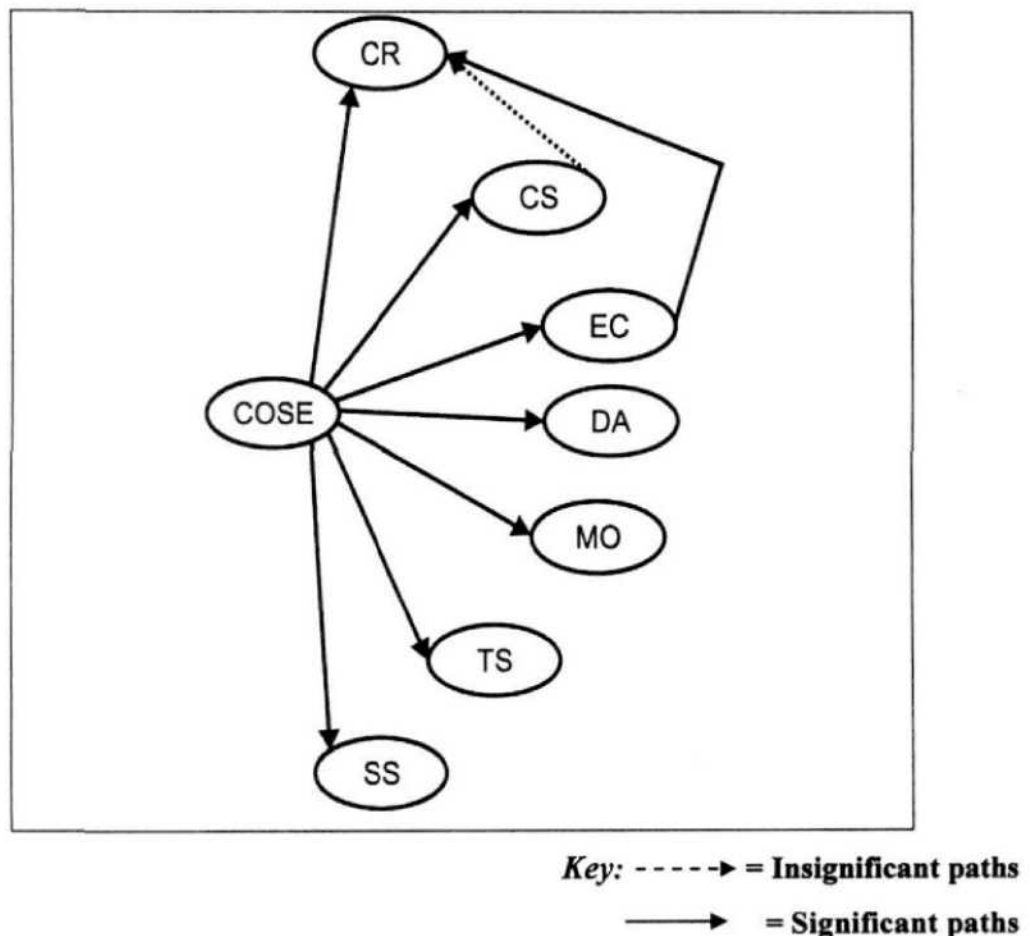
Out of nine hypotheses postulated, one hypothesis was rejected *i.e.* the customer orientation of service employee (COSE) was found to have significant direct and positive impact on *motivation, decision making authority, technical skill* and *social skill* of the telecom service provider firms employee as per the data collected from customers of telecom service provider firms. Thus, if the customer orientation of the telecom service providing firms is high, than the employee of that firm shall be highly motivated to serve the customer well, have sufficient decision making authority, technical skills and social skills to deal with the customers complaints.

The customer orientation of service employee (COSE) was also found to have significant direct and positive impact on customer satisfaction, customer's emotional commitment and customer retention. Thus, high customer orientation of the telecom service providing firms will result into higher customer satisfaction. Customer's higher emotional commitment was also found to have significant direct and positive impact on customer retention.

As far as the impact of COSE on its dimensions i.e. *motivation, decision making authority, technical* and *social skill* is concerned, it is almost equally high for motivation, decision making authority and social skill, and slightly lesser for technical skill. As with satisfaction, COSE is also found to almost equally impact the consumer's emotional commitment to the service provider. While the direct impact of COSE on customer retention is quite significant but a little lesser. The impact of COSE on customer retention through emotional commitment on customer retention is quite stronger, while through customer satisfaction it is not supported by the data collected from customers.

If customers are emotionally committed with his telecom service provider, it will result in higher customer retention. Though, significant direct and positive impact of customer satisfaction on customer retention was not supported in the study. Figure 6.1 shows the validated model from customer perspective.

Fig. 6.1: COSE: The Customer Perspective



6.2 Findings from Path Analysis: Employee Perspective Model

Out of nine hypotheses postulated, two hypotheses were rejected *i.e.* the customer orientation of service employee (COSE) was found to have significant direct and positive impact on motivation, decision making authority, technical skill and social skill of the telecom service provider firms employee as per the data collected from employees of telecom service provider firms.

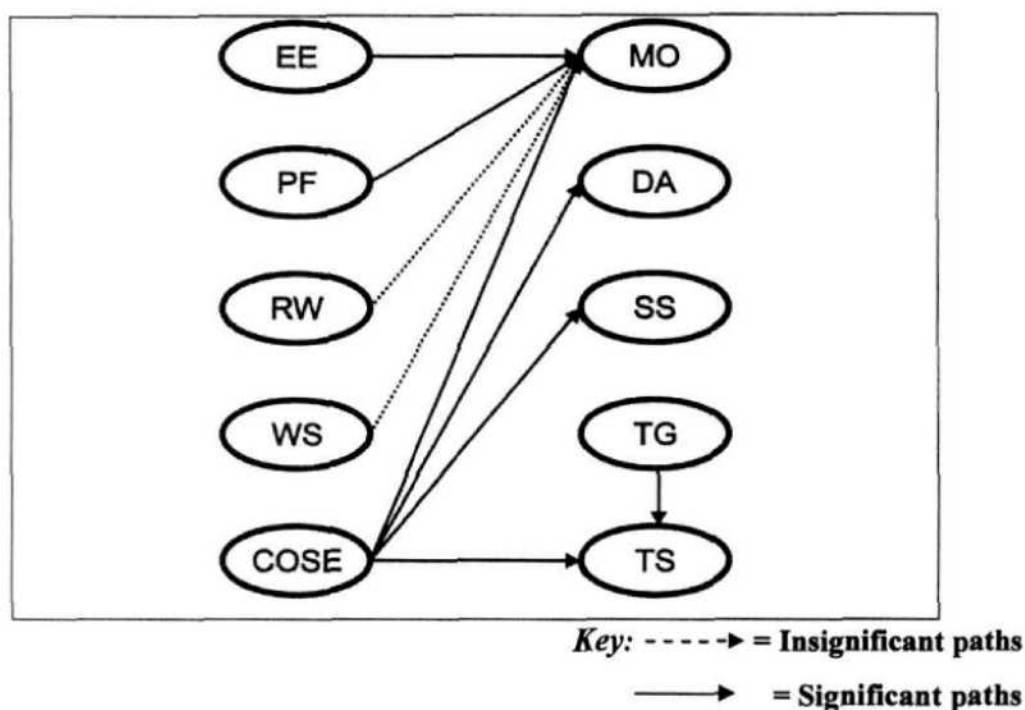
External equity and perceived fairness were also found to have significant direct and positive impact on motivation. However, significant direct and positive impact of work standard and reward on motivation were not supported by data collected in the study. Training was also found to have significant direct and positive impact on technical skill. These were postulated for finding out the determinants having impact on various COSE dimensions, on which service providers may work to fine tune their strategy to increase the customer orientation of the service employees (Fig. 6.2).

As far as the four dimensions of COSE are concerned, the impact of COSE on motivation is highest, while it is equal for decision making authority and technical skill and even lesser for social skill, from the employee perspective. But the impact of determinants on motivation is not supported except for perceived fairness. The impact of external equity on motivation is slightly positive. Training was found to have high impact on technical skills.

Significant direct and positive impact of COSE was found to exist on four dimensions *i.e. motivation, decision making authority, technical and social skills* of COSE from the customer perspective as well as from employee perspective. This is in the direction as was suggested by Thurao (2004) and also lately by Hanzae *et al.* (2011) to collect the data from two parties *i.e.* customers and employees of the service providers (Both have collected data from customers only).

It is also found that the impact of service employees' customer orientation on customer satisfaction is clearly stronger than on commitment and retention. In line with what was posited by Thurao (2004) and Hanjaae *et al.* (2011), findings of the study support the view that there is limited impact of customer satisfaction on retention

Fig. 6.2: COSE: The Employee Perspective



6.3 Association between Selected Demographic Variables and Preference for Telecom Service Provider

Significant association was found to exist between age group of the customers and preference for telecom service provider. The youngsters appeared to be more inclined towards private sector telecom service providers while elderly customers showed preference for public sector telecom service providers.

Table 6.1: Summary of Test of Association-Customer Perspective

Hypothesis	Demographic Variable	Result
H _{1AA}	Age	Rejected
H _{2AE}	Education	Not Rejected

This indicates that the young customers associate private sector telecom service providers with youthfulness, energy and vibrancy, while elderly customers perceive public service providers with trust-worthiness, transparency in process and billing, openness to public scrutiny, empathy and thus prefer to do business with them.

Interestingly, significant association was not found to exist between education qualifications of customers and preference for telecom service provider. The same is a pointer towards the requirement of effectively communicating the benefits to the customers so as to appropriately position the service provider in the perceptual map of the target market comprising educated customers. The current scenario is also indicative of failure of service providers in effectively leveraging their strengths vis-à-vis competition in the context of educated customers who are generally high on Average Revenue Per User (ARPU) owing to extensive and varied use of Value Added Services (VAS) and Internet.

6.4 Exploring Differences on COSE Dimensions between Public and Private Sector Employees

Significant differences were observed between employees of public and private sector telecom service providers on four dimensions viz. *motivation, decision making authority, social skill* and *technical skill*. The employees of public sector telecom service providers were close to ‘moderately agree’ and thus comparatively more agreement with the items than employees of private sector telecom service providers.

Table 6.2: Summary of Test of Differences- Public Sector-Private Sector Employees

Hypothesis	Construct	Result
H _{1ED}	MO	Rejected
H _{2ED}	DA	Rejected
H _{3ED}	SS	Rejected
H _{4ED}	TS	Rejected

These findings indicate that employees of public sector telecom service providers perceive themselves to be more motivated, possessing more decision making authority as also social and technical skills in dealing with the day-to-day matters.

6.5 Exploring Differences on COSE Dimensions between Executive and Non-Executive Employees

Significant differences were not observed between executive and non-executive respondents of telecom service providers on seven COSE constructs viz.

external equity, motivation, decision making authority, social skills, training, technical skill and work standard. Both the categories of employees were close to ‘agree a little’ for all the dimensions and determinants except for social skill for which, both the categories of employees were close to ‘moderately agree’.

Table 6.3: Summary of Test of Differences- Executive- Non Executive Employees

Hypothesis	Construct	Result
H _{1EN}	EE	Not Rejected
H _{2EN}	MO	Not Rejected
H _{3EN}	DA	Not Rejected
H _{4EN}	PF	Rejected
H _{5EN}	RW	Rejected
H _{6EN}	SS	Not Rejected
H _{7EN}	TG	Not Rejected
H _{8EN}	TS	Not Rejected
H _{9EN}	WS	Not Rejected

Significant differences were observed between executives and non executive employees on two dimensions viz. *perceived fairness* and *reward*. The executives were close to ‘agree a little’ whereas non executives fell between ‘agree a little’ and ‘moderately agree’. The executive employees in general perceived that there exists unfair process of giving rewards and perceived fairness in pay which were evaluated on the lower side as compared to the non executive category of employees. Thus, service providers need to take note of this and work towards decreasing dissatisfaction in the executive employees.

6.6 Exploring Differences on COSE Dimensions between Customers of Public and Private Sector Firms

Significant difference was not observed between customers of public and private sector telecom service providers respondents as $p > 0.05$ on the dimensions *decision making authority, motivation* and *social skill*. The customers of both types of telecom service providers were close to ‘agree a little’.

Significant difference was observed between customers of public sector telecom service providers and customers of private sector telecom service providers respondents as $p < 0.05$ on the dimensions *customer retention, customer satisfaction, emotional commitment* and *technical skill*. The customers of public

sector telecom service providers were near to ‘moderately agree’ and customers of private sector telecom service providers were near to ‘agree a little’.

Table 6.4: Summary of Test of Differences- Public Sector-Private Sector Customers

Hypothesis	Construct	Result
H _{1CD}	CR	Rejected
H _{2CD}	CS	Rejected
H _{3CD}	DA	Not Rejected
H _{4CD}	EC	Rejected
H _{5CD}	MO	Not Rejected
H _{6CD}	SS	Not Rejected
H _{7CD}	TS	Rejected

It is to be noted that employees of public sector telecom service providers were close to ‘moderately agree’ and in more agreement with the items than employees of private sector telecom service providers on the dimensions *decision making authority*, *motivation* and *social skill*, while from the customer perspective, customers did not think so, they were in little agreement with the items. There was found no difference in the perspectives of the private sector employees and customers on *decision making authority*, *motivation* and *social skill*. For technical skill only, no difference was observed in the perceptions of customer and employees and both were near to ‘moderately agree’ for public sector service providers and were near to ‘agree a little’ for private sector telecom service providers.

Respondents were in little agreement with the items in both the perspective, however employees of public sector telecom service provider firms had over-estimated their perception and were moderately agree with the measuring items.

6.7 Exploring Differences between Selected Demographic Variables on COSE Dimensions

ANOVA test was conducted on all the constructs of the customer perspective model based upon age and education of the customer, to explore whether

customers belonging to different groups perceived identically or differently about all the constructs of the model.

6.7.1 Differences vis-à-vis Age: ANOVA results indicated that significant differences did not exist between customers of various age groups on the dimensions, *motivation, decision making authority, social skills and technical skills* as far the COSE dimensions are concerned. Significant differences did not found to exist for *customer satisfaction and customer retention*. The responses of customers of all age groups were near to 'agree a little' for all the constructs.

ANOVA results for *emotional commitment* indicated that significant differences exist between various age bands. The responses of customers of the age group 'up to 20 years' were away from 'agree a little towards 'neither agree nor disagree' while for other two groups it was between 'moderately agree' and 'agree a little'.

Table 6.5: Summary of Test of Differences-Customer's Age

Hypothesis	Construct	Result
H _{1CDA}	CR	Not Rejected
H _{2CDA}	CS	Not Rejected
H _{3CDA}	DA	Not Rejected
H _{4CDA}	EC	Rejected
H _{5CDA}	MO	Not Rejected
H _{6CDA}	SS	Not Rejected
H _{7CDA}	TS	Not Rejected

Interestingly, young customers were less emotionally committed to their service providers and thus likely to switch. Marketing efforts may be focussed on this group to increase the emotional commitment which may go a long way in retaining them.

6.7.2 Differences vis-à-vis Education: The attitude towards social skill was calculated based on education (up to Intermediate), education (Graduate) and education (Professional), of the respondents.

The ANOVA results indicated that significant differences exist between customers of all educational levels for *customer retention, customer satisfaction, emotional commitment, motivation and technical skills*. The responses of customers with education 'Up to Intermediate' and 'Graduate' were near to 'agree a little' while for 'Professional' education group it was near to 'moderately agree'.

Table 6.6: Summary of Test of Differences-Customer's Education

Hypothesis	Construct	Result
H _{1CDE}	CR	Rejected
H _{2CDE}	CS	Rejected
H _{3CDE}	DA	Rejected
H _{4CDE}	EC	Rejected
H _{5CDE}	MO	Rejected
H _{6CDE}	SS	Not Rejected
H _{7CDE}	TS	Rejected

The ANOVA results indicated that significant differences exist between customers of all educational levels for *decision making authority*. The responses of customers with education 'Up to Intermediate' and 'Professional' were close to 'moderately agree' while for 'Graduate' education group it was close to 'neither agree nor disagree'.

The ANOVA results also indicated that significant differences did not exist between customers of all educational levels for *social skills*. The responses of customers were near to 'agree a little'.

Less educated ('Up to Intermediate' and 'Graduate') customers were in less agreement (near to 'agree a little') with the items related to *customer retention*, *customer satisfaction*, *emotional commitment*, *motivation*, *technical skill* and *perceived decision making authority*. Although there was no difference in attitude towards *social skills* of the employees, it was near to 'agree a little', so this dimension also needs betterment by the marketers.

Customers of public and private service providers either *agreed a little* or expressed moderate agreement with dimensions of COSE, determinants and constructs considered in the study. The findings of the present study can provide vital inputs to marketing practitioners and HR managers thereby leading to improvement on all dimensions of COSE for the service employees. The same may immensely contribute in increasing customer satisfaction, emotional commitment and customer retention.

6.8 Summary

This chapter summarises the key findings of the study according to the research objectives along with discussion. The key findings from this research together with the COSE models, for customers and employees for telecom service provider firms, generated are expected to provide valuable insights and understanding not only to the telecommunication companies in India but also to marketing practitioners and consumers.

CHAPTER 7: MANAGERIAL IMPLICATIONS & FUTURE RESEARCH DIRECTIONS

This chapter gives theoretical and managerial implications of the study and future research directions.

7.1 Theoretical Implication of the Study

The customer perspective model was proposed by Thurao (2004) and was empirically tested for travel agencies, book and CD DVD retailers in Germany. Lately by Hanjaac *et al.* (2011) it was tested for Islamic banks in Iran. Now by this study it has been validated for telecom services from employee perspective as well. The findings in all the three studies are almost identical. So the model is valid for services with less interaction with customers such as CD DVD retailers, and intensive interaction services such as travel agencies, banking and telecom. So the results can be generalized to other services and part of world with care.

As a result of the intangible and interactive nature of services, customers often rely on the behaviour of service employees when judging the quality of a service. Consequently, the employee level of customer orientation is considered an important leverage for a service firm's economic success (Bitner *et al.*, 1990; Bove *et al.*, 2002; Bove *et al.*, 1985; Sergeant *et al.*, 2000; Thurau, 2004; Hanjaac *et al.*, 2011). Despite its important position in the value chain, few studies have addressed the construct of (COSE) and its impact on a service firm's success (Brown *et al.*, 2002). Noteworthy exceptions are the studies by Kelley (1992), Brown *et al.* (2002), Donovan *et al.* (2004), and Thurau *et al.* (2003). While the first two studies focus on the relationship between COSE and employee characteristics such as personality traits, job satisfaction and *organizational commitment*, the latter author has suggested, but not empirically tested, a three-dimensional conceptualization of customer orientation of service employees, distinguished between the employees motivation to serve customers, his or her customer

orientation skills, and his or her self-perceived decision-making authority. No study has yet tested the impact of COSE on the way customer assessment of transactions with service employees or their relationship with the service provider as a whole. Zeithamal *et al.* (1990) argue that appropriately skilled and trained service workers are essential to service delivery at Gap 3 of their Gap Model as well (Varca, 2004). Scholars in service marketing and organizational behaviour are giving increasing attention to the personal interaction between customers and the employees on frontline of service business (Bettencourt and Gwinnner, 1996).

The findings provide some important starting points for an effective management of service employees' customer orientation. Building on the distinction of four dimensions of service employees' customer orientation (COSE), namely technical skills, social skills, motivation, and decision-making authority, the findings illustrate that especially the employees' social skills and their motivation to fulfill customer needs, employee's self perceived decision making authority to deal with the day to day matters of the customers without delay and employees technical skill, exert a strong influence on satisfaction and commitment and therefore the development of stable relationships with customers.

7.2 Managerial Implications of the Study

This study found that all dimensions viz. motivation, decision making authority, technical skills and social skills of COSE have impact on customer satisfaction (CS), customer retention (CR) and emotional commitment (EC), supporting earlier works (Thurau, 2004; Hanzae *et al.*, 2011). Top managers need to consider the main role of these dimensions, and then apply this understanding in all stages of recruitment, selection and training programs for service employees. It is also advisable that managers in the telecom service providers industry test or educate service employees in these areas. The study of Saxe and Weitz (1982), and Jayawardhena *et al.* (2011) highlights that customer and service orientation behaviors impact service quality, value and satisfaction among customers. Hiring employees who are more likely to be high on relevant COSE dimensions should be an important consideration for managers. Previous works too have found this relationship to be significant. Garbarino *et al.*,

(1999), Gwinner *et al.* (1998), Price *et al.* (1999), Thurau (2004) and Hanzae *et al.* (2011) show the direct impact of CS and EC on CR. This study also demonstrates how EC affects CR in telecom service providers industry; however effect of CS on CR is not supported by the data. Managers must set goals to achieve higher levels of EC to receive CR, because in marketing theory, CR is easier to achieve and cost effective too if properly managed in comparison to acquiring new customers.

There is a sufficient scope for the marketers and HR managers to work on these dimensions to increase motivation, perceived decision making authority, technical skills and social skills resulting in higher customer orientation of the front end employees. This is expected to have a positive bearing on customer satisfaction, emotional commitment and customer retention. Service providers need to evolve appropriate marketing strategy to improve the perception of customers for various COSE dimensions.

The findings of this study illustrate that service employees' level of customer orientation is a key driver for customers' satisfaction with the service firm, the level of emotional commitment of these customers to the firm, and most importantly, their degree of retention. Therefore, employing customer-oriented service personnel, although not guaranteeing economic success, does represent a crucial step towards it. The findings can provide vital inputs for an effective management of service employees' customer orientation. For service firms, the main implication of this finding is that employees' customer orientation should play a major role when it comes to allocating budgets. Specifically, greater attention should be paid towards recruitment of new employees who man various customer touchpoints as also training of existing employees and fresh recruits.

We also found that the impact of service employees' customer orientation on customer satisfaction is clearly stronger than on commitment and retention. In line with what was posited by Thurao (2004), findings of the study support the view that there is limited impact of customer satisfaction on retention. In other words, benefits of investments in COSE will accrue only when satisfaction has a strong effect on long-term variables

such as commitment and retention. Service providers have to thoroughly analyze whether this is the case for their respective businesses.

7.3 Suggestions for Future Research

Suggestions for future research, on the basis of insights gained during the course of the present study, are listed below:

- The body of research pertaining to the area appears to be fragmented. Though a multitude of concepts relating to COSE been investigated, unfortunately, there has been little attempt as of yet to integrate these related lines of research. Though a modest attempt has been made through the present study in this direction, research in the area will be significantly furthered if the relationships between constructs are further clarified, and phenomena attributed to each are identified.
- Given the different levels of economic development, additional replicative and extension efforts will be necessary to “paint” a more complete picture of perceptions of customers and employees for various dimensions of COSE.
- In future quota sampling may be used to provide adequate representation to each service provider in the area to paint a complete picture of COSE.
- Future researchers may consider using a more general and representative population of telecom service users and investigate and examine other factors that could further explain consumer's perception about status of COSE in telecom industry.
- The present study is cross-sectional; that is, it measures perceptions and intentions at a single point in time. However, perceptions change over time as individuals gain experience (Mathieson *et al.*, 2001; Venkatesh & Davis, 1996). This change has implications for researchers and practitioners interested in predicting in status of COSE in telecom service providers over time. A dynamic model or longitudinal evidence would not only help predict beliefs and behavior over time, hut also enhance our understanding of the causality and interrelationships between variables, that are important to assess the status of COSE in telecom service providers.

- Several determinants of the motivation could not be sustained after the pilot survey, in future research data may be collected for more determinants and some separate items may be designed for determinants of perceived decision making authority, technical skill and social skill separately to get deeper insight of the model. So future researches may start afresh and adapt exploratory methods to develop scales de novo and test them for validity and reliability.
- So for gaining deeper insights and better validation of model from the employee perspective, future researchers need to collect data on more determinants on all the four dimension viz. *motivation, decision making authority, technical skills and social skills*.
- Future research should make several extensions of the current study. We suggest using this model in the other service industries including hospitality, restaurants, health and any other industry in which employees have direct contact with customers. Researchers may also use this model in two service sector industries for the purpose of comparing them together as also suggested by Thurau (2004).
- The focus of the study was limited to a few concepts, which are important for COSE; it did not include other factors that may also be important for employee growth. While two different service fields are covered by the data and highlight some interesting service-type induced differences, a transfer of the findings to other service types would be largely speculative and could be based at best on key characteristics of the considered services (e.g. interaction intensity, perceived risk, level of individualization). To understand better the differences between the service industries, it would be desirable to include potential moderator variables such as relationship intensity and length in future studies that address this subject. In this study the dimensions of COSE are considered to be independent. There may exist some interdependence between them which may also be studied by future researchers.
- Cross-cultural studies in the domain have not been actively pursued, although such studies are required for the determination of generalisable principles.

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APPENDIX I

Customer Questionnaire

Dear Respondent,
Please provide responses to the following statements in respect of your preferred telecom service provider. Please note that all your responses will be kept strictly confidential and used only for academic purposes. At no point you will be asked to reveal your identity. Thanks.

Type of Telecom Product: ____ (Wire-line '1'; Wire-less '2'; Both '3')

Please write the name of your preferred service provider _____

While giving response to following statements, please use the following scale:

Strongly Agree '1' Moderately Agree '2' Agree a Little '3' Neither Agree Nor Disagree '4' Disagree a Little '5' Moderately Disagree '6' Strongly Disagree '7'

1	I am fully satisfied with my telecom service provider.	
2	The employees of my telecom service provider know how to treat a customer well.	
3	The employees of my telecom service provider are allowed to independently handle customer matters.	
4	My next telecom service purchase will be from my telecom service provider.	
5	The employees of my telecom service provider understand customer's perspective.	
6	My relationship with my telecom service provider is important for me.	
7	My telecom service provider will never cheat me.	
8	My telecom service provider has never disappointed me.	
9	Whenever I require additional telecom services, my telecom service provider is my first choice.	
10	The employees of my telecom service provider show strong commitment to their job.	
11	The employees of my telecom service provider have extensive social skills.	
12	The employees of my telecom service provider are always highly motivated.	
13	The employees of my telecom service provider are highly competent.	
14	The employees of my telecom service provider have high level of knowledge.	
15	The employees of my telecom service provider do their best to fulfill their customer's needs.	
16	I would turn a blind eye to a minor mistake of my telecom service provider.	
17	In future I will buy most telecom services from my present telecom service provider.	
18	I am a loyal customer of my present telecom service provider.	
19	My experiences with my telecom service provider have been excellent.	
20	Employees of my telecom service provider have authority to take any decision in solving customer problems.	
21	I feel committed to my telecom service provider.	
22	In the case of customer requests, my telecom service provider's employees do not need to ask their superior for permission.	
23	My telecom service provider always fulfills my expectations.	
24	My telecom service provider's employees are experts in their job.	

Sex: ____ (Male '1'; Female '2')

Age ____ (≤20 '1'; >20 to ≤30 '2'; >30 to ≤40 '3'; >40 to ≤50 '4'; >50 '5')

Education: ____ (Up to High School '1'; Intermediate '2'; Graduate '3'; Professional '4')

Annual Income: ____ (<2 lac '1'; >2 lac to ≤5 lac '2'; >5 lac to ≤10 lac '3'; > 10 lac '4')

APPENDIX II

Employee Questionnaire

Dear Respondent,
Please provide responses to the following statements in respect of your preferred telecom service provider. Please note that all your responses will be kept strictly confidential and used only for academic purposes. At no point you will be asked to reveal your identity. Thanks.

Please write the name of your organization ____; Level in the Organization ____ (Executive '1'; Non Executive '2')

While giving response to following statements, please use the following scale:

Strongly Agree '1' Moderately Agree '2' Agree a Little '3' Neither Agree Nor Disagree '4' Disagree a Little '5' Moderately Disagree '6' Strongly Disagree '7'

1	I like to go to the training centers.	
2	I often go beyond my duty to help customers.	
3	I can understand, how my customer thinks.	
4	I know exactly, what is expected of me.	
5	Pay structure of employees at all levels is fair.	
6	I meet formal performance requirements when serving customers.	
7	I voluntarily assist customers even if it means going beyond job requirement.	
8	Our management believes in giving equal treatment to all employees.	
9	I like to talk with my customers.	
10	There is sufficient decentralization of authority to address routine customer problems.	
11	I can understand the feeling of my customers.	
12	In my organization there is fair assessment of employee's performance.	
13	I have clear planned goal & objectives for my job.	
14	We have international level of service standards.	
15	My supervisor has respectful and courteous behavior towards me.	
16	I am confident of being suitably rewarded if I achieve set standards of performance.	
17	I have complete knowledge of the services I maintain.	
18	My supervisor has complete faith in my dealings with customers.	
19	Our customers are satisfied with the work standards in our organization.	
20	Management does not interfere in my dealings with routine customer problems.	
21	I fulfill responsibilities to customers as specified in my duties.	
22	Our organization has high work standards.	
23	We are proud of work standards in our organization.	
24	I help in solving customer's problems beyond his expectations.	
25	I am fully conversant with all the plans, offers and prices of all the products of our organization.	
26	I can guide my customers in dealing with the problems which may arise in using the service.	
27	High performing employees are always rewarded in my organization.	
28	Our organization has transparent pay rules.	
29	Employees always share knowledge among them in dealing with the day-to-day problems of customers.	
30	Our views and suggestions are always welcome in our organization.	
31	My supervisor is always polite in conversation with sub ordinates.	
32	There are regular training and refresher courses in our organization for all the employees.	

Sex: ____ (Male '1'; Female '2'); Age Group ____ (≤30 '1'; >30 to ≤45 '2'; >45 to ≤60 '3')

Education: ____ (Up to High School '1'; Intermediate '2'; Graduate '3'; Professional '4')